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JOINT COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Foreign Affairs Subcommittee

Tuesday, 5 August 2003

Members: Senator Ferguson *(Chair)*, Mr Brereton *(Deputy Chair)*, Senators Bartlett, Bolkus, Cook, Eggleston, Chris Evans, Harradine, Hutchins, Johnston, Sandy Macdonald, O'Brien and Payne 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 Scott, Mr Snowdon, Mr Somlyay and Mr Cameron Thompson

Subcommittee members: Mr Jull *(Chair)*, Senator Ferguson *(Deputy Chair)* Senators Bartlett, Bolkus Cook, Chris Evans, Ferguson *(ex officio)*, Hutchins, Sandy Macdonald and Payne and Mr Baldwin, Mr Beazley, Mr Bevis, Mr Brereton, 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, Chris Evans, Sandy Macdonald, Payne and Mr Brereton, Mr Edwards, Mr Laurie Ferguson, Mr Jull and Mr Price

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.

WITNESSES

Subcommittee met at 9.04 a.m.

CHAIR—I declare open this public hearing on Australia's relationship with Indonesia. The foreign affairs subcommittee last looked at the bilateral relationship between Australia and Indonesia in 1993. There have been enormous changes in the political, social and economic landscape 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 and universities and non-government organisations with an interest in aid and human rights, and from individuals. Many of these have been from Commonwealth government departments. These set out in some detail the nature of their engagement with their counterparts and other agencies in Indonesia. We have learnt much from these submissions and others about the links and programs that are already in place which are helping to build Australia's relationship with Indonesia.

Over the last five months we have held a number of public hearings and taken evidence from over 40 organisations. Today, in what we expect to be our last full day of public hearings for this inquiry, we will again hear from a number of government agencies. We will also hear from a number of non-government organisations and look forward to learning more about their perspective on some of the issues that have arisen in the inquiry.

[9.05 a.m.]

O'CONNOR, Mr Anthony John, Member, Indonesia Coordination Group, Amnesty International

CHAIR—On behalf of the subcommittee, I welcome Amnesty International Australia and, in particular, Mr Tony O'Connor, the member of their Indonesian group. 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 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 now invite you to make a short statement before we proceed with questions.

Mr O'Connor—I thank the committee for this opportunity to appear this morning to present Amnesty International's views. We are pleased to appear before the committee because we believe that a respect for human rights should be a central pillar of all government activity, including foreign relations. In the original submission we referred to the joint committee's desire for a relationship with Indonesia that was positive and mutually beneficial. We certainly think that an Indonesia that had an independent judiciary, a well-trained and accountable police force and fully accountable armed forces would be of great benefit both to the people of Indonesia and to Australia-Indonesia relations.

Since we put in the original submission a good six or seven months have gone by and, unfortunately, in that time there has not been any real progress towards human rights implementation, and the present political climate in Indonesia is not particularly encouraging. In particular, the failure of the cessation of hostility agreements in Aceh and the outbreak of armed conflict is very disappointing, with the people of Aceh having only a very short period of respite from violence and abuse.

Unfortunately, the harassment of humanitarian and human rights workers in Aceh has continued throughout 2003, and most of the human rights workers there have either left the province or are confined to the major towns, for their own safety. There have been three reported court martials of Indonesian soldiers accused of abuses in the current military action, which represents some progress. Unfortunately, these are not independent investigations. It is not a comprehensive process.

Komnas HAM, the Indonesian Human Rights Commission, has attempted to carry out some investigations of its own within its limited resources. That is, again, a limited process, given the circumstances. However, we should say that you can compare the three court martials with only three human rights trials that have occurred for abuses in Aceh in the whole period from 1998 to 2002. It is very sobering, and the failure of the Indonesian government to account for its forces' crimes has contributed greatly to the present situation there.

There are conflicting reports on the number of people who have been killed. There are figures from the army, from the police and from NGOs. It seems likely that at least 100 civilians have

been killed and hundreds detained. The detainees normally do not have access to lawyers and are at considerable risk of torture. At least three human rights workers have disappeared during this time. Two have been found dead and others have been detained for short periods of time.

In Papua, abuses also continue. There was a trial of seven Kopassus soldiers accused of the murder of the leader Theys Eluay. Seven were convicted. Two of them faced the limited charge of third degree murder, with the others being charged as accessories. They received sentences of two to 3½ years, which were hardly adequate. The trial itself did not really bring out the full detail of what happened and did not account for the disappearance of Theys Eluay's driver, who was last seen going into a Kopassus base.

On a wider scale, in the highland town of Warmena in April, there was a raid on a military armoury that was blamed on the OPM. Two soldiers died and more than 20 guns were stolen. Unfortunately, after that there were widespread military and police operations around Warmena. These were military sweeps, which led to abuses. Many villagers fled to the forests. Houses and health posts were destroyed. At least 30 people were arrested. Torture was widely used, with one man dying as a result. Nine people are facing trial over that. In July one man was killed in a flag-raising ceremony in Warmena. Another 12 people are awaiting trial on charges of rebellion for participating in flag-raising ceremonies in November and December 2002. These were in Jayapura and Manokwari.

Unfortunately, there is no progress yet in bringing to trial the police officers responsible for the mass torture of students and the killing of three others in Jayapura in December 2000. This was a very serious and very public abuse that was witnessed by a Swiss journalist. It was supposed to be the first case heard by the Human Rights Court based in Sulawasi, but no budget has been allocated to the trial to take the many witnesses from Jayapura to Sulawasi.

Amnesty International has recently investigated the increased use of some articles of the Criminal Code that make it a crime to criticise the President or the Vice-President and also the so-called hate-spreading articles against the government. Unfortunately, these have started to be used again over the last year. There has been a considerable number of prosecutions—up to 39 prisoners of conscience—under President Sukarnoputri. Mostly, these are for peaceful protests on economic issues. However, in Aceh the leader of an organisation seeking to have a referendum—this is an organisation called SIRA, so this is separate from the Free Aceh Movement—Muhammad Nazar, was sentenced to five years imprisonment for spreading hostility against the government for carrying out the activities of his organisation.

In Jog Jakarta activists who took part in the protest on prices in 2002 received three-year sentences for insulting the President, and another young man received a one-year sentence. These are the longest sentences of that kind. Many are of a shorter nature and the people who receive them have been imprisoned for the whole time, so they are basically released after the trial. However, these are basically people who are prisoners of conscience.

We have made several suggestions to the committee on the way that Australia can assist with human rights reform, through expert assistance, legal training, embassy visits and assistance and contact with human rights NGOs within Indonesia. All of these recommendations still stand. We also believe that the government should always stress the importance of respect for human rights

in discussions with the Indonesian government and also in public comments on Aceh and Papua. That is very important.

Finally, we stress that the Indonesian armed forces have not really made any substantial progress towards accountability for past abuses or for the many recent ones. Until the armed forces are truly accountable, Amnesty International urges that training or support for the Indonesian military or police should be restricted to the practical implementation of international human rights standards and the establishment of effective systems of oversight and accountability. In view of continuing violations, we believe that operational training of the armed forces should be excluded from Australia's relationship with the defence forces of Indonesia.

I have given the committee secretary a brief written update to the original submission. I apologise for it not having been with you earlier. There is one minor point at the end of that which should have been added on the trials of people accused in East Timor, but it is a minor point that perhaps I could clarify with the secretary later. Thank you.

CHAIR—Could I get someone to move that this subcommittee receives this evidence into its inquiry into Australia's relationship with Indonesia and authorises for publication as submission No. 104 the following document from Amnesty International?

Senator PAYNE—I move that way.

CHAIR—Thank you very much. What is Amnesty's relationship with the Indonesian authorities now? It would be fair to say it has had a bit of a chequered career over the years. Do you get any sense of cooperation or understanding from them now?

Mr O'Connor—Amnesty has many structures and the main relationship with the government is through the international secretary from London. In the period after 1998 under President Habibi and President Wahid, it was pretty good. There were delegations that went to Indonesia. However, in the middle of last year there was a mission to Papua which ran into problems. It had liaised through the Indonesian Embassy in London and the foreign affairs ministry in Jakarta, and it appeared that all the visa situations were clear. When they got to Jayapura, however, the local Indonesian officials were rather irritated and said, 'Okay, you don't have the proper visas. You have to leave.' They had spent, I think, four days there talking to local officials and to human rights NGOs, so it was not a matter of just coming in and leaving straightaway, but it was disappointing. Since then there has not been any official mission to any part of Indonesia. Particularly, we would have liked to have gone to Aceh and to have spent longer in Papua. Letters continue to be exchanged with the government and with members of the different commissions of the Indonesian parliament, on draft laws and things like that, but things have changed.

Mr LAURIE FERGUSON—In regard to Timor and the trials of people accused of human rights abuses, you say that victims and witnesses summoned to testify were not provided with adequate protection. Do you want to elaborate on that?

Mr O'Connor—Yes. The process of witness protection was only implemented one day before the first trial started. People who arrived from Dili were not met and taken to the place where

they were supposed to stay. The place where they were staying was quite well known. Actually, there was a sign outside it saying 'Witness protection house'. When people came to the courtroom, some would have preferred to have given evidence in Tetum and they were not able to, for bureaucratic reasons. Others, after they had given their evidence, were made to sit in the court with the people they were giving evidence against and felt the hostility towards them. I do not think they felt particularly welcomed by that, and certainly there is evidence that people who would have possibly given evidence in Jakarta just did not want to go.

Mr LAURIE FERGUSON—You comment that direct evidence of abuses was not, basically, put forward and you question the indictments. Could you elaborate on the indictments: what they dealt with, what they said, their failings.

Mr O'Connor—The main thing overall was that they were very restricted. They were restricted to a few events and to two months—I think April and September—so that it was very difficult within that, even for a well-prepared and well-briefed prosecution team, to have painted the whole picture of what happened in Timor, particularly of the links between the armed forces and the militias. When it came to the trials, they were mostly of quite senior officers in the police and the army and local parties, on command responsibility, and the higher they went—up to the military commanders and the police commanders for the whole of Timor, for Dili—the easier it became for them to say, 'Look, this was all happening. I didn't really understand what was happening. I tried to do something but it was too late.' The whole picture, the detailed connection and what had happened in 1999, was not adequately brought out.

Mr LAURIE FERGUSON—On another front, in regard to these RATA killings you make the point that the civilians that are up for trial escaped. Have the Indonesian authorities managed, in the last 2½ years, to find those people?

Mr O'Connor—No, there is no progress on that and, you would have to say, very little possibility of it now.

Mr LAURIE FERGUSON—Finally—and this is a bit away from your submission—the background to this inquiry is that there were allegations by the Institute of Public Administration in regard to NGOs in Indonesia, essentially alleging the carrying out of a political purpose against the Indonesian government et cetera. Does Amnesty have any comments on those attacks?

Mr O'Connor—I can only explain the Amnesty position. My understanding of those things is that they are particularly related to Papua and alleged support for independence actions there. Amnesty's position is that we do not take any position on the legitimacy of these or on the future political structure of Indonesia. We simply want people to have the right to peacefully express their political views. We do not engage in contact with project-independence organisations there. We do, however, talk to human rights NGOs in Aceh and Papua and other parts of Indonesia, to gather information from them. And I should say that organisations like ELSHAM in Papua try to keep a perspective and a distance themselves. They really want to put themselves across as interested in human rights. They are not out there doing the independence or autonomy debate.

Senator PAYNE—Mr O'Connor, in your submission Amnesty makes a number of recommendations, some of which you have put under the heading of 'Support for human rights

reform', which could be broadly described as falling into the governance area in terms of policy initiatives that Australia might be involved in supporting. Have you had a chance to see the AusAID submission to this inquiry?

Mr O'Connor—I might have looked at it very quickly. I cannot remember it, to be honest, I am sorry.

Senator PAYNE—It is a big submission. In its component called 'Future directions' it makes a reference in one of four points to the strengthening of democratic institutions and practices, saying that their analysis indicates:

> Australia should give priority to assistance aimed at strengthening legal and judicial institutions, improving the promotion and protection of human rights, strengthening civil society, strengthening electoral processes and institutions, supporting more decentralised and participatory decision making, and improving gender equality.

That seems to me to, in the broad at least, address some of the issues that Amnesty has raised in that group of recommendations. Would you agree with that?

Mr O'Connor—Yes.

Senator PAYNE—You think that is an important investment in terms of Australia's engagement with Indonesia?

Mr O'Connor—Yes, certainly. There is a great need for legal progress and legal reform. There have been quite substantial steps taken since 1998 in that regard, in making the courts independent, but in relation to the process—particularly, say, with the ad hoc tribunal on East Timor or the prospective human rights court—there is a report from the UN rapporteur on the independence of judges. He went to Jakarta last year and talked to the judges on the East Timor tribunal and they certainly expressed their desire for extra training. They felt they had not received adequate training on what they were supposed to be doing, and it crossed the whole range of the Indonesian judicial system. It is certainly important.

Senator PAYNE—The only other question I had pertains to the policy of the Indonesian government that is described as decentralisation. Does Amnesty have a view of what its impact might be on governance and on respect for and observation of human rights as power is shifted in that way?

Mr O'Connor—I do not think we have a position. I am not sure that I know whether that affects organisations like courts, the police or the army. I do not think I could answer it. Maybe I could find out more later on.

Senator PAYNE—That would be helpful, if you can.

Senator CHRIS EVANS—Can I ask you to talk a bit about your view about military-to-military and police-to-police relations between the countries? Obviously that is a current, topical issue. For instance, when I went up to Timor it was made very clear that the good relations that existed on a personal level between senior military officers in the Indonesian forces and the Australian forces were critical to managing the withdrawal of Indonesian forces in Timor and

that those personal links between our military commanders and Indonesian military commanders provided quite critical support. You would be aware of the arguments that those sorts of links help build better understanding, better cooperation and reduce tension and misunderstanding. You seem to be arguing that we ought not have those links. Would you like to expand on that, and why you think that learning about each other's culture and the way we operate does not help build better relationships? I am being provocative, but I am trying to tease out with you why you think that excluding those links is beneficial in the longer term.

Mr O'Connor—We are not saying that there should be no contact at all. However, the submission that we made, and the things that we have documented over the years, point to a very serious culture of neglect and abuse of human rights by many sections of the army and some sections of the police and the mobile brigade, who are like paramilitary.

The abuses that they have carried out—and are still able to carry out—are so serious that we believe there needs to be really serious evidence of reform and accountability by the army and by the Indonesian government, if it is capable of it. There needs to be reform and accountability even just for things that have happened in the last year. It is not just Australia. Amnesty has these recommendations to governments in Europe and the United States. They should be very carefully targeted towards the improvement of human rights standards and the practical implementation and standards of civilian accountability and oversight.

Senator CHRIS EVANS—Would you accept that having a more professional, accountable military in Indonesia is one of the answers to some of the issues you raised? The proponents of the view of cooperation and involvement would say they will not get more professional and they will not understand how to run a modern, democratic and accountable military unless they are exposed to those cultures and processes, and excluding them from that contact is not assisting them in improving that culture.

Mr O'Connor—That is right, but if you look at one of the recommendations on page 3, it talks about operational training. We are really talking about combat type activities.

Senator CHRIS EVANS—What about terrorist response training?

Mr O'Connor—The unit involved there—Kopassus—has many serious allegations against it that go back many years. Although there have been two trials of Kopassus officers—the Theys Eluay one and the one for the disappearance of students in 1998—they have really been cover-ups. There are so many question marks against that unit that we feel Australia should put human rights issues to the forefront there.

Senator CHRIS EVANS—I do not dispute what you say, but you know there are thousands and thousands of Australian tourists in Indonesia at any one time. In the case of a terrorist attack or a threat to those tourists, it will require close cooperation between the Australian military and Kopassus. Do you say we should not talk to them?

Mr O'Connor—The operational training should be excluded.

Senator CHRIS EVANS—How do you overcome our very real need to protect Australian citizens who are resident at the time in Indonesia in the event of that sort of incident? Do you accept that we have to have some sort of relationship with them?

Mr O'Connor—I would have thought the relationship was more with the police.

Senator CHRIS EVANS—That is true, I take your point. It is something I have argued myself, but there is both police and military involvement in that sort of thing. Obviously, we need to build some relationships there.

Mr O'Connor—I am sorry, Senator. This is a unit that is really a gross abuser of human rights. I know that there is a separate unit, apparently, for antiterrorist matters, but the whole unit itself is really not accountable in any way. It is a very dangerous organisation.

CHAIR—On that point, have you kept an eye on the joint operations between the Australian and Indonesian police and authorities post-Bali?

Mr O'Connor—Yes.

CHAIR—Are you happy with the way that has proceeded?

Mr O'Connor—Some of the actions of the Indonesian police come under General Bakhtiar—in holding press conferences et cetera—and they perhaps were less than fortuitous, but there seems to have been very good cooperation. Improving investigative skills and things like that are going towards the consolidation of proper human rights standards and proper police standards.

Senator BOLKUS—What sort of reaction would you expect from the Indonesians were we to go in with the full gamut of your agenda? Would you expect them to say, 'Come in, let's do it.' Would you expect them to welcome that sort of agenda? How realistic is it, in other words?

Mr O'Connor—In terms of raising human rights issues of government ministers when they are discussing Aceh and Papua or of referring to the importance of protecting human rights, I do not think that is any more than, for example, what officials of the United States government very often do. Maybe the United States and Australia are in a different position, but it is not unheard of for ministers—even Australian ministers—to do that sort of thing; of cooperation with NGOs, of embassy visits and talking to human rights NGOs. That does happen. We are just saying, 'Please make it more frequent.'

Certainly, people in ELSHAM in Jayapura very much welcomed the visit from Mr Smith, the ambassador, and the time that he spent talking to them. These things are rather rare, unfortunately. In terms of military cooperation or limitations on it, I think that is an option for the Australian government. It perhaps would not make some elements in Indonesia happy, but there would be others who would be.

Senator BOLKUS—In terms of the new, meatier items that you raised, like independent prison/detention centre monitoring, effective witness protection programs, crimes against humanity processes and so on, given the underlying subtext of your submission—that is, that

these abuses are pretty widespread and have a powerful foothold—what sort of reaction could we expect to some of those proposals?

Mr O'Connor—In terms of the drafting of legislation, there is some cooperation already. I am not sure that it includes the Criminal Code but, were the opportunity to arise, Australia should be willing to offer that. The other ones, like witness and victim protection and the independent prison monitoring system, would be much more controversial. The witness protection program had a start with the Timor trials. As far as I know, it does not have any real organisational basis. Since the human rights courts have not started operating it is a bit hard to know what extra preparations have been made, but certainly that would be very important for those courts, which—if they do operate—would be seen as quite a flagship for the Indonesian government. Any way that could be found to make them work effectively would be really important.

The Indonesian government, its officials and ministries are very diverse organisations. There are the political people and then there are the officials, and you could expect different reactions. Australia can only make an offer, it cannot go in and do these things by itself. But it should be willing to make that offer and support it in an effective way, where that contribution of expertise and funds can make a real difference.

Mr BRERETON—Mr O'Connor, you would be aware of the arguments put forward by the Strategic and Defence Studies Centre with respect to renewing relations with Kopassus. They have argued, as I think you are aware, three things:

(1) In a new and more threatening strategic environment, it is imperative that the opportunities for effective security cooperation with our regional neighbours are maximised. (2) Kopassus is a highly capable, well-trained force that is an integral part of Indonesia's counter-terrorist machinery and it would be counterproductive to exclude special forces from bilateral initiatives to combat terrorism in Indonesia. (3) Strong personal ties between the Australian Defence Force and its TNI and Kopassus counterparts is not only crucial to an effective regional counter-terrorism strategy, but also essential to the long-term health of the Australian-Indonesian relationship.

Are these not identical to the reasons that were used for the last engagement between the Australian Defence Force and Kopassus? Are these not identical arguments? What do you think the Defence Studies Centre might be proposing when it talks about a tailored engagement with Kopassus?

Mr O'Connor—I do not think I can speak for the Defence Studies Centre. I think the members of the committee have probably had more of a chance to talk to them than I ever will. In terms of whether that is a similar argument, it sounds a bit similar to comments that have been made in the past. This is an organisation that seems to be very closed and seems to be able to institute operations which are not necessarily liaised with, or controlled by, local commanders. From the evidence that we have collected in East Timor, Aceh, Papua and even in Jakarta prior to 1998—the disappearances, the torture of people, the killing of Theys Eluay—all of these things are very serious human rights abuses. They create great problems in the relationship of the Indonesian government with the people, particularly in Aceh, Papua and, in the past, East Timor.

As I said to Senator Evans, this is a very dangerous organisation. However, it is also important to realise that Kopassus is not the only unit of the Indonesian army that has serious allegations against it. The problems of torture, disappearances and illegal detention go across other units as well. They also go to the police. You must bear in mind that the need for reform, where Australia can work to improve human rights standards, is really a widespread one. It is not just this one unit.

From Amnesty's point of view, it has always been quite difficult to understand what sort of training Indonesia soldiers had in the past when they came to Australia in terms of human rights. This is going back some years, but it did seem to me that there was very little. It might possibly have related to some discussion of the Geneva Convention or something like that. I fully recognise that it is a very difficult issue, not just for Australia but also within Indonesia.

CHAIR—You raised the issue of arms transfers.

Mr O'Connor—Yes.

CHAIR—I think the Amnesty line was to stop arms transfers, brokering, licence production and company-production agreements until the Indonesian government could demonstrate that the transfers would not be used to commit human rights violations. Do you know if Australia is involved in arms transfers with Indonesia?

Mr O'Connor—Of recent years I think they have been quite limited. That particular phrase is something that Amnesty uses for every government. I am only talking from my own personal knowledge, but I think they are very limited. For example, that is certainly something that is very apposite to European governments.

Mr PRICE—My understanding is that, for all overseas officers who train with the Australian Defence Force in their professional development courses, human rights subjects are embraced as part of the course work. Does Amnesty have a different view? We can ask what are the particulars of the courses that are covered at each different level, but my understanding is that human rights are covered as part of the courses.

Mr O'Connor—I am certainly very glad to hear that. I was talking more of the past situation, say, prior to 1998. I was not aware of any changes that had occurred.

CHAIR—Thank you, Mr O'Connor, for your attendance here today. If there are any matters on which we might need additional information, the secretary will write to you. The secretary will also send you a copy of the transcript of your evidence, to which you can make any necessary corrections to errors of transcription.

Mr O'Connor—Thank you, Mr Chair.

[9.45 a.m.]

PASCOE, Ms Felicity, Executive Officer, Centre for Democratic Institutions

RICH, Mr Roland, Director, Centre for Democratic Institutions

CHAIR—Mr Ferguson, you want to make a statement.

Mr LAURIE FERGUSON—Mr Chairman, as a background to this inquiry the Institute of Public Administration, funded by donors who compete with NGOs for foreign aid programs, has raised a number of matters in regard to our NGOs and foreign aid in Indonesia. I would put on the public record that I am a member of the management committee of APHEDA, the ACTU's foreign aid organisation.

CHAIR—Thank you for that. On behalf of the subcommittee may I welcome the Centre for Democratic Institutions, in particular Mr Roland Rich and Ms Felicity Pascoe. 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 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, if you wish, and then we can proceed to questions.

Mr Rich—Thank you very much, Mr Jull. The Centre for Democratic Institutions is, I think, known to some of you. Laurie Brereton was on our consultative group until recently, Senator Marise Payne has worked with CDI in other areas and Senator Sandy Macdonald has been on a CDI mission as well, so I think quite a few of you are familiar with the work we do. In effect, CDI is Australia's official democracy promotion body, in that it is funded by the Australian government, and is now five years old.

When we look at democracy promotion, although it is a vast field, we focus mainly on the key institutions of democracy—the parliaments and judiciaries—of the countries in the Asia-Pacific region. When we look at those countries Indonesia and Papua New Guinea are seen as our principal clients, given the importance of those two countries to Australia.

We have had an ongoing relationship with Indonesia. The main focus, but not the sole focus, of that relationship has been with the Indonesian parliament. We have had programs with Indonesian parliamentarians but, more recently, our focus has been much stronger on the secretariat of the parliament, the secretariat of the DPR. It is with the secretariat of the DPR that we have developed very strong links. We have annual programs, we have exchanges, we have visits in both directions. As we speak, we have a volunteer who is in the parliament in Jakarta and who assists them with English language teaching and English language documentation.

In several weeks, at the beginning of October, there will be a senior delegation from the Indonesian parliament, from the secretariat of the parliament—these are not parliamentarians—which will be visiting this parliament in response to a visit to the Indonesian parliament last year led by Ian Harris, the Clerk, and including June Verrier, the head of the research service, and Chris Paterson from the parliamentary research office.

The idea of these visits is to look at ways that the Australian parliament can assist the DPR and to look at ways that we can learn from each other about the work of the two parliaments. It is fair to say that when we compare the two parliaments, we are looking at a parliament that has a century of experience behind it and has a lot of knowledge about how to go about doing things, as opposed to a parliament that was for most of the Suharto period a rubber stamp which, as a rubber stamp, did not develop the techniques parliament should develop. In terms of simple concepts like hearings and inquiries and reports, vetting legislation and looking at budgets, the Indonesian parliament simply did not have those skills. It is only in the post-Suharto era that the Indonesian parliament has been called on to develop those skills, and it is not something that can be quickly developed.

We take for granted in Australia the skills we have in terms of the officials of the parliament, the skills of the parliamentarians, the way the political parties in Australia know how to use the parliament for their own political and partisan purposes. All this adds up to a system of proper vetting of legislation and proper accountability of the executive. These are the things that are lacking in the Indonesian parliament.

CDI of course is not alone in working with the Indonesian parliament. There are many other groups that are doing so. I will mention only two. The Konrad Adenauer Foundation from Germany has been working there for many years and is a very established player in the field, and the National Democratic Institute from the United States has worked for many years in the Indonesian parliament and has a particularly good project, I believe, in helping their budget committee to better understand the budget and better deal with budgetary matters.

Our focus, as I said, is very much looking at the secretariat. We began that focus by looking at the research service of the secretariat of the Indonesian parliament, and some 12 researchers had a very intensive training period here at the federal parliament. After their return to Indonesia, we have had Australians going there to see how those skills have been used and so forth, and I think we can say that some progress has been made. But I am personally disappointed—not at the skills that have developed in the research service but at how little the Indonesian parliamentarians have employed those skills, because, when all is said and done, all a secretariat can do is have those skills available. It is up to the parliamentarians to have recourse to that, and we have not seen sufficient evidence of members of the DPR in Indonesia taking hold of these substantive issues, becoming specialist in certain areas and developing those areas.

Why that is is something we can always discuss, but let's not forget this is really the first parliament elected in the post-Suharto period and there will be another election soon, and let us hope that with the passage of time people being re-elected, and having the confidence of having spent one term already in parliament, will start to become more professional in the way they use these services.

I would say one more thing, Mr Chairman. We also have an arm that looks at research, that examines various things, and an excellent report was done for CDI by a member of the parliamentary library, Stephen Sherlock. That report analyses the Indonesian parliament, looks at all the committees, looks at the political structure and has some analysis of how they work. That is on our web site and it is a public document.

CHAIR—Would I be right in reading into what you have just said, and what is in your submission, some criticism of us as members of parliament, that we perhaps do not take as great a role as we should?

Mr Rich—I certainly would not make the criticism, but I would make the appeal to the Australian parliamentarians to stay engaged. It is something that really does require stamina. We need to look beyond the occasional delegation visit and try to forge individual links. This is a difficult thing, of course, but with email and telephone it is certainly not impossible to form individual links with parliamentarians. I think that what may be very difficult to do with Indonesia is form institutional links at the party level.

We do not see similar platform-based parties in Australia and Indonesia. It is hard to see the Democrats or the National Party or the Liberal Party or the Labor Party finding counterparts in Indonesia that they could happily work with. That puts even more pressure on individuals to find like-minded individuals in the Indonesian parliament and form these sorts of relationships. CDI can really only be a catalyst for this and it is up to the parliamentarians and the officials of the two parliaments to try to maintain these links.

Mr EDWARDS—I strongly agree with the comments that you make in relation to the parliament engaging and the importance of individuals taking on initiatives. I wonder if the funding that you receive would not be better allocated to this parliament to enable parliamentarians to do exactly that, and perhaps to do some of the other work that you are doing. I wonder how much work has been done in terms of engaging state parliaments and state institutions to get involved in this process. If there is a role for Australia to play through its parliament—and I think there is—we could properly and much more effectively play that role if the money that you receive from AusAID was actually given to this parliament. I would appreciate your views on that point.

Mr Rich—If we compare the situation in Australia with other countries that have similar democracy promotion programs, we find the opposite situation. Parliaments—the US Congress, Westminster—vote money to a democracy promotion body and that body then determines a program that will best promote democracy in the target countries.

Parliaments, of course, have their own funds in various ways. Parliamentarians have their study tours and lots of delegation visits under official parliamentary funds. The philosophy is that that is the way parliaments operate, but for the specialised work of democracy promotion it really does require a full-time focus rather than an occasional focus by a parliamentary relations officer or a researcher. The international best practice is to create a specialised body and to endow that body with sufficient funds to do its work.

Mr EDWARDS—I take the point. However, if this parliament had access to the resources—to the funding—that you have, we could do exactly the sort of thing that you are talking about. In my view, we could do it better, do it more directly, give it a higher profile and make it much more important in terms of the interaction between the parliaments of Australia and Indonesia. I wonder how much effort you have put in to try to get individual members of parliament to engage Indonesia on a one to one basis. I think there is a tremendous opportunity here that this parliament ought to grab hold of. It would be at the expense of your funding, I am sorry to say,

but I think it is something that this committee should give some serious consideration to. I wanted to make that point directly to you.

Mr Rich—Thank you. I am sure that the people who determine Australia's budget and so forth will look at that carefully.

Mr EDWARDS—Having made those comments, I do not want to have them interpreted as any sort of negative comment about the work that you are doing. I just think it could be done much better, even if we were to second your expertise and the services of your staff, but redirected through this parliament.

CHAIR—Senator Payne has been fairly engaging in these matters.

Senator PAYNE—Yes, although thanks to CDI, who opened up a new opportunity for the Australian parliament in Cambodia, which I think is very valuable. Mr Rich, in parts of your submission and in other observations that have been made in this inquiry, there is an emphasis on the need to make long-term links and also, to take up Mr Edwards' point, individual links that transcend short-term political cycles—but that is pretty challenging. In fact, in an across the table engagement as part of the Australia-Indonesia Young Leaders Dialogue—not one of your babies, but the Australia-Indonesia Institute—talking to my peers in the Indonesian parliament, their challenge is, 'Well, we want a lead time of nine months before our next elections, so we can't possibly do anything to engage with Australian parliamentarians in that period.' We deal in short-term electoral cycles and political cycles, and they do the same. When you suggest—to use your terminology—a longer-term engagement, how do you think we go about doing that?

Mr Rich—The tenure of parliamentarians, of course, is such that this is a constant issue. Apart from a few lucky senators who are beginning a six-year term, it is particularly difficult for Australians. One of our responses has been to create this linkage between the officials of the two parliaments, in that officials can provide a level of continuity that often parliamentarians are unable to. One of the ways we run this program, Senator Payne, is to make it—if I can use this term they love at university—an iterative process, that is, each year we look at what we will do. We do not make five-year plans. We make long-term commitments to each other, but we plan the substance of those commitments as we go along, depending on what the needs are. At the conclusion of the next visit by the secretariat of the Indonesian parliament, Australia will sit down and ask, 'What are your needs now and what can we do?'

In response to Mr Edwards' comment, one of the driving concepts we have to have is that democracy promotion cannot be supply driven. It is not just what we have to offer. It really has to be a process driven by the recipients. What is it that Indonesia needs and what can they absorb? There is a limit to what Australia can do, because we are Australia. There is great sensitivity in the relationship with Indonesia and there may well be some areas where another country is better placed to deal with an issue, because there will be suspicions about Australia's motives and so forth. These are the sorts of things that we have to calibrate in the process of determining the program.

Senator PAYNE—I take the point that you make in relation to establishing relationships between parliamentary staff, who often enjoy a longer tenure in this place than some of us who are elected—notwithstanding comments about the Senate—but I do not think that those staff, to

my knowledge, then go on to engage with those of us in the parliament who are involved in this area of activity as well. At the same time it seems to me that this layering could effectively be done between the different programs that CDI run and with the different involvements of both parliamentarians and staff in this place to more effectively mesh the two. I do not think we do that, on either side, and I think we could perhaps take that up as an idea.

Senator SANDY MACDONALD—I have a couple of questions. The first revolves around the development of their party system in Indonesia. I was lucky enough to be an observer in the 1999 election and their party system was exceptionally weak then. For the creation and operation of a democracy you need a strong party system, I believe, an uncorrupted judiciary and a liberal press. I do not know about the liberal press or the uncorrupted judiciary, but certainly their party system was exceptionally weak then.

Mr Rich—Yes.

CHAIR—Have there been any changes since 1999?

Mr Rich—I think I can say that it is still quite weak. The problem with some of the political parties is that they are personality driven—Megawati's party basically surrounds Megawati. Once you took away the protest element against Suharto, there was not a lot of platform left in the party. It is difficult to see how a party that is simply based on politics—winning—and surrounding the President, can have the sort of strength that we are looking for.

We do have the Islamic political parties, and in some ways the Islamic political parties are stronger because they are based on large mass movements and have connections with those large mass movements, and have in fact more connections on the ground and more ability to gauge opinion and so forth. But it is hard for Australian parties, of course, and for Australians generally to connect with the Islamic political parties. It is true that some of them are certainly more secular in their behaviour than others and I do not think it is beyond the realms of possibility to deal with them, and I know that NDI, which works with political parties in Indonesia, works with all the political parties that want to be involved in their programs. As to CDI itself, Senator Macdonald, because we have limited funding and because we have to have focus, we have not worked with political parties as one of our sectors.

Senator SANDY MACDONALD—In your submission you say that you have worked with parliaments, media, civil society, accountability, human rights and the judiciary. It seems to me that it is one thing to make parliaments work—you can have parliaments working beautifully—but you made the point, I think, in your opening statement that the parliament might work okay, and the secretariat—and I assume you mean by that not the public service as such but the officers of the parliament—

Mr Rich—Yes.

Senator SANDY MACDONALD—It is all very well to have a parliament working—you can make it work in theory—but out there it is mayhem, because the public service does not work, government as such does not work.

Mr Rich—Yes.

Senator SANDY MACDONALD—Have you done any work with the public service as such in the operation of government itself? I am a great believer in politicians visiting; I think it is excellent, I think it is important to have the officers of the parliament visit. That is obviously something you have done. But it is a third thing to have the senior members of the public service to interact as well, because they make it happen and make it work.

Mr Rich—Yes. There are some major programs, certainly, that AusAID runs, that the World Bank runs, that the Asian Development Bank runs, to strengthen the civil service in Indonesia, but what we find with these programs is that they tend to be very large. They tend to have huge training elements and a large management element in terms of changing processes of recruitment, assessment and so forth. The civil service development programs tend to be, therefore, for the bigger players. CDI has to be much more focused so we do not work with the civil service, but I know that there are large programs looking at various fields. Environment is one of them; human rights is another.

Mr LAURIE FERGUSON—Mr Rich, the Amnesty International submission made some telling points about the judicial system in regard to Aceh, East Timor and democracy activists. In your CDI submission, at a glance, you say that one of the key sectors is the judiciary.

Mr Rich—Yes.

Mr LAURIE FERGUSON—In your summary of work over the period you have operated you list no projects on judiciary.

Mr Rich—No.

Mr LAURIE FERGUSON—However, in the text you speak of the government sector linkage, some involvement in regard to that.

Mr Rich—Yes.

Mr LAURIE FERGUSON—Firstly, could you tell us how much money and effort went into that from your side of things. Secondly, could you give us some flavour of what that is about.

Mr Rich—This is again an example of having to focus one's work and not duplicate what might be going on elsewhere. In our work with the judiciary generally, we have struck up a partnership with the Federal Court of Australia. The Chief Justice of the Federal Court, Michael Black, cooperates with CDI programs, and many judges of the Federal Court have been on teaching tours and have received visiting judges and so forth. CDI funds programs like that with Vietnam, Vanuatu and the Philippines.

With regard to Indonesia, there is a program that AusAID runs called the Government Sector Linkages Program, which has its own funds to help Australian institutions work with counterpart institutions in a number of countries. I think Indonesia and Thailand are the two key countries in that regard. My strategy with regard to the Indonesian judiciary was that we needed a far larger program than what CDI could sponsor, and the GSLP with Indonesia runs to about half a million dollars a year.

I got the Federal Court on side. I got a consortium of Australian providers; there is a group in Melbourne and there is a group in Sydney and they combined to provide, basically, the management of this project for the Federal Court. It is now in its fourth year. It is a very significant project and what it does is quite well known in Indonesia. Basically, it brings Indonesian judges to Australia. They work with the Federal Court judges, they visit various courts, they sit down with the Federal Court judges and look at various elements, and it also has Federal Court judges going to Indonesia and running rather large seminars on various issues of court management, case management and so forth.

There is another element in it that is being run by the New South Wales Judicial Commission, and that is to strengthen their IT capacity so that they can start to use electronic means for decisions and searching and so forth. It is a pretty large program. It has quite a lot of dynamism. Basically, CDI's role was to put it together and then to tiptoe away and let others run that program. I keep in touch with it because we have close links with the Federal Court, but it did not require CDI funds, and it is working that way.

The question of how effective that program is is a much harder question. I think what we have to say is that, unfortunately, no provider can change the Indonesian judiciary overnight. It does not matter how competent or effective or committed the Federal Court and the various bodies that work in this program are, we have a deep-seated problem in Indonesia with regard to the judiciary and it is going to take quite some time to work that problem through.

Mr PRICE—I have a profound regard for the Clerk of the House, but it is the same clerk who increased the number of committees without providing any secretarial support for those additional committees. In a sense, I think, that makes for a significant weakening of the effectiveness of the committees of the parliament, which I happen to think is a pretty important issue. My concern is that if you have the Clerk running over there, talking about the committee system, some members of parliament might take a very different view about his views on how committees could be made effective or more effective. I would like to ask for a comment on that.

Mr Rich—It will not surprise you that I will not buy into it. All I can say is that in comparative terms—and obviously criticisms can be made—

Mr PRICE—The challenge of modern parliaments, I think—with the huge growth in the power of the executives—is to foster a very strong and vibrant committee system. I would be one that says we still have a fair way to go in Australia and that the Indonesian parliament, with their commissions, would be advantaged by a very strong commission system in Indonesia.

The other thing I wanted to draw to your attention is that this parliament has a longstanding relationship with the parliament of New Zealand. There is a visit one year by one parliamentary committee and a reciprocal visit the next year. Obviously, the challenges of understanding the culture and language are quite awesome and, hence, that program has been set in place to understand our New Zealand counterparts. Do you have a view about the establishment of such a relationship with the commissions of the Indonesian parliament, given that I think every foreign minister and minister for defence in this country has said that our relationship with Indonesia is certainly the most important in the region? Would you see that as a constructive way of increasing that dialogue with parliamentarians?

Mr Rich—Yes. On the New Zealand issue, I was in Wellington a little while ago and I had some talks with the clerk and some of the officials of the New Zealand parliament. We run a program each year for Pacific parliamentarians, where we bring parliamentarians—mainly from the Melanesian countries—together for a week of discussion. We always focus this on one of the Australian parliaments. For the last two years it has been in Queensland, and in November it will be in the Northern Territory. In 2004 we will go to Wellington and have our workshop in the New Zealand parliament, and we will draw on a few of the Polynesian members of parliament to be the resource people for that.

I certainly see a lot of value in working with the New Zealand parliament. As far as the Pacific is concerned, it is very close to the issues. It is unicameral, which makes it a better model often for the Pacific parliaments to look at.

Mr PRICE—It is very attractive to the socialists over here too, by the way.

Mr Rich—Is that right? Without actually commenting on proportional voting systems, I think the important thing about the New Zealand parliament's recent actions in voting systems is that they took action. They identified a certain problem and they did something about it. Whether it was the right solution or not is not what we are looking at. We are looking at the process of reform that they undertook, and a lot of Pacific parliaments need to undertake that process of reform.

Stephen Sherlock, in his paper on the Indonesian parliament, raised the possibility of adopting one of the commissions as a project, like NDI did with the Budget Commission. We workshopped that paper at a meeting with AusAID and Stephen Sherlock and this received quite a lot of serious consideration. Of course, it was agreed not to do so, because there are tremendous difficulties in the way, but it was looked at very carefully. It was considered that it was perhaps too soon in this first democratically elected parliament to try to jump in, as Australia, to work with one of the commissions. It is something that is still there and maybe after the next elections, if we start to see less bilateral criticism in the politics, it may be more open for Australia to work with one of the commissions. I do not think at this stage we would be as welcome. Really, this sort of process has to be recipient driven.

Mr PRICE—I was interested in that. Obviously, you are looking at it through a CDI initiative—and that is welcome—but parliament has its own ability to move in that direction, as I was suggesting. How would you see such an initiative by the parliament?

Mr Rich—Terrific! These bodies like NDI and CDI are really just facilitators. We bring a certain amount of expertise and a certain amount of connective power, but it cannot substitute for the actual connections between the institutions themselves. If the Joint Committee on Foreign Affairs and Commission 1 in Indonesia were to independently strike up a connection, all power to it. We would be more than happy to assist. Our assessment was that this was not an initiative at this stage that we thought we could initiate.

Mr BRERETON—I am looking at the summary of projects in Indonesia over the last five years which you submitted to us and noting that, in the human rights area, there have been but two initiatives at institution building—the workshop of 1998 and the delegation visit last year—and accepting the limitations on Australia that you have alluded to in your verbal remarks

today. Taking an alternative approach to that taken by my colleague Graham Edwards in respect of budgetary constraints and the scope for activities and noting that you have spent 18.3 per cent of your core budget over the five-year period on Indonesia alone, if you had more resources available to you where would you go? What sorts of projects would you see as priorities if these constraints were not a limiting factor? If you had a wish list, what would it look like?

Mr Rich—In relation to Indonesia, I think we could do more of the things we are doing. Our projects are always limited in terms of numbers and the extent of the work we can do, because of the financial considerations. We have just had eight journalists doing a course on investigative journalism in Perth. We would love to have had a dozen, but these are the sorts of examples where you have to cut your cloth to what you have. I think with more funds we would get more ambitious in regard to what we could do in the parliament. When I go there and have discussions with the secretary-general of the Indonesian parliament, I have at the back of my mind our modest capacity to deliver. If our capacity was slightly less modest, we would do more.

Mr Brereton, human rights is a subject very close to me and on which I would love to do more, but we also have to remember the need for complementarity with other institutions. The Human Rights and Equal Opportunity Commission of Australia receives something like $2 million a year from AusAID to work with Komnas HAM in Indonesia, and they have covered that field to a large extent. The couple of projects we carried out have fallen into the cracks there.

Mr BRERETON—They were supplementary.

Mr Rich—Yes. I keep in close contact with Sev Ordowski and Kieren Fitzpatrick at HREOC and, if there are things we can do together, we certainly will.

CHAIR—There being no further questions, I thank you both very much for your attendance today. If there are any matters on which we need additional information, the secretary will write to you. 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.

Mr Rich—Thank you.

[10.24 a.m.]

TUPPER, Mr Graham, Executive Director, Australian Council for Overseas Aid

PAUSACKER, Ms Helen, Joint NGO Indonesia Information Project Coordinator, Australian Council for Overseas Aid

SPILLANE, Ms Shennia Maree, Policy Officer, Australian Council for Overseas Aid

CHAIR—On behalf of the subcommittee, I welcome representatives of ACFOA. 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 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, if you wish, and then we can proceed to questions.

Mr Tupper—Thank you, Chair. We are pleased to be here to appear before the committee. ACFOA, as many of you may be aware, is the body that represents 80 non-government overseas aid and development organisations in Australia. Of these, there is a total of 37 non-government organisations that have programs in Indonesia, or fund programs with community support in Indonesia. Twenty-seven of those are our members. Sixteen of those have been working in Indonesia for over 10 years and eight for over 20 years, and the total of funds that they, in the last financial year, gathered from the Australian community for those programs is just over $9 million.

In our submission we point out a key challenge in the relationship in the area of good governance in the context of decentralisation. In particular we focus on the need to strengthen civil society as an important part of good governance, and to improve the accountability of district government. For us, the application of good governance in the aid program is about reducing poverty, so when we talk about good governance we mean good governance that allows people to meet their basic needs, have safety and security, and also provides the environment necessary for investment and trade and the development of sustainable livelihoods and jobs.

As far as the aid budget is concerned, ACFOA supports Indonesia as a priority in the aid program, with a focus on good governance and meeting basic needs. To put some context to the need here, currently there are over 25 million people in Indonesia who cannot read or write. That is more than the population of Australia. There are 50 million people who have lack of access to basic health services. There is a real need to focus our aid efforts, including good governance efforts, in meeting basic needs: basic education, water and sanitation, health services.

Of course, we recognise that aid and development assistance is not enough, that for sustainable development in the long run there need to be fair trade rules, and Oxfam have already appeared before this committee in that respect. There also needs to be a consideration of debt relief, and we would support the submission of the Jubilee campaign to this committee in that respect. We have concerns about the role and actions of the military, and right at the moment we have particular concerns in Aceh related to the access of humanitarian workers and relief programs. I will ask Helen to highlight one particular concern we have in that respect.

Ms Pausacker—One reason we want to raise this is that, as you would be aware of course, this submission was put in in early December, prior to the cessation of hostilities agreement and also prior to the breakdown of that agreement. I will highlight that as of the last OCHA—the United Nations Office for the Coordination of Humanitarian Affairs—bulletin, it was estimated that 28,106 people are internally displaced people within Aceh; also that it is estimated that 229 civilians have died as a result of the conflict; 472 alleged GAM—the freedom fighters—and 46 police or military. Just bear that in mind.

What we would like to draw attention to is the difficulty of access for international humanitarian workers in Aceh. This provides an inability to meet humanitarian needs, which the figures on the internally displaced people highlights, but it also means that there are no independent groups monitoring the situation, and I am sure you will be aware, too, that access for the press is very difficult.

Mr Tupper—Turning to one other recent thing in terms of Australian community and Muslim community support for programs, there was a very disturbing and misleading report on the ABC *7.30 Report* some weeks ago, alleging links between one of our members, Muslim Aid Australia, and a terrorist organisation in Indonesia. I will not go into the detail of it now, but I want to say that, having looked at the full facts of that case, the *7.30 Report* was highly misleading and there is no evidence at all of funds from Muslim Aid Australia going to support any terrorist activities as was implied in that program.

What has happened is that in this new counter-terrorism climate, the feeling of that Muslim community—having visited them a couple of times now—is that it is treating Muslims as guilty until proven innocent and is acting to alienate the goodwill of the Muslim community in Australia, including those from Indonesia who are supporting our constructive programs in Indonesia.

I want to conclude with a challenge and an opportunity—a challenge drawn from my own experience in the health area in Indonesia through visiting, as part of a joint non-government organisation/AusAID review, the work of Leprosy Mission Australia, which was working in Papua up until three or four years ago. They had a very successful leprosy control program operating there, based in Sorong, with AusAID co-financing. Excellent progress was being made in leprosy control. Quite unusually, one of the main aspects of leprosy control is the difficulty of making progress because of cultural considerations; people's fear of those who have leprosy. In that place, that was not the problem and they were making good progress in countering leprosy, and I went to a few clinics to see young people who had been completely cleared of the disease. The NGO had an excellent relationship with the local health officers, to the point where they were invited to karaoke bars and so on to sing along, but unfortunately, because of problems with access to Papua, security concerns, a difficulty with getting visas and so on, the program had to close down and we do not know what is happening now with leprosy control in Papua.

I want to finish with the opportunity. We have a good and longstanding relationship with the International NGO Forum on Indonesian Development, which has approximately 50 members of civil society organisations on Indonesia. We have regular exchange; we visit each other at our annual meetings and so on; we often do joint research. I want to conclude with an extract from a joint statement issued by ACFOA and INFID after the Bali bombing last year. To quote the executive director of INFID, Binny Buchori, who reflected that:

This incident reminds us that acts of violence and terror threaten the basic values of humanity and human rights, regardless of borders and social groupings. The terrorist attack will no doubt make life more difficult for Indonesians, exposing our people to greater economic hardship. It is at times like this that all of those who are committed to democracy, human rights and justice must work more closely together and insist that our governments do the same.

On that note, I will conclude. Thank you, Chair.

CHAIR—Thank you. Would you be able to give us any idea of ACFOA's budget in Indonesia? How much of that budget would come out of AusAID and other government instrumentalities? How much is self-generated within our own community?

Mr Tupper—To be clear, we are not talking about ACFOA's budget but the budget of ACFOA members who are funding programs in Indonesia.

CHAIR—ACFOA members, yes.

Mr Tupper—$1.96 million of $9.1 million is company-financing from AusAID.

Ms Pausacker—And this is slightly different to what we had in our submission. This is the more recent figure.

Mr Tupper—The more recent figures, yes.

Mr LAURIE FERGUSON—Was that $910,000 or 9.1 per cent?

Mr Tupper—$1.9 million of that $9 million, so it is about 20 per cent.

CHAIR—Is the image of Australia in Indonesia now, as far as ACFOA members are concerned, any better or any worse in recent times?

Mr Tupper—The image of Australia?

CHAIR—What do they think of Australians?

Ms Pausacker—When you get to the NGO sector—between NGO people—I do not think the image has changed very much. Once you get to the parliamentary level, yes, there is definitely a difference, but between NGOs—civil society organisations who have been working together—I do not think that there has been any dramatic change, because a lot of that is built on people-to-people relationships, where people have known each other for years or decades. Those personal relationships, I think, are the last to be affected.

CHAIR—I was interested in your introductory comments about the Muslim community and what was happening there.

Mr Tupper—That relates to the Muslim community in Australia—in this case, mainly in Sydney—that supports Muslim Aid Australia. They are, of course, much more in touch with Australian politics and policies than are people in Indonesia.

CHAIR—That attitude does not necessarily flow back into Indonesia to poison the water?

Mr Tupper—No.

Ms Pausacker—Between NGOs it does not, but once you get to the outside community I think that, yes, there has been a change in attitude to Australia. If you are talking about the NGOs, who are like the partner organisations, no, there is not a difference. If you are talking about the wider community, there is a difference, though less of a difference than once you get to the parliamentary level. It is different in each sector of the community.

Senator SANDY MACDONALD—You talked in your opening statement and also in your submission about the strengthening of civil society. I do not know if I understand what civil society is any more. I wonder whether you might give a brief explanation of your understanding of it.

Mr Tupper—At the end of our submission we have a breakdown of the nature of the counterpart organisations which Australian NGOs deal with in Indonesia, as a starting point. They range from locally based non-government organisations and community based organisations, which we would understand in a civil society, to church networks, religious organisations, educational institutions and so on. Of course, then we get into areas which are not groups that we deal with in terms of our counterparts. One very important counterpart is in the area of groups who focus on workers' rights or labour rights. Beyond that, we are talking about media and public information.

When we say that our emphasis is on strengthening civil society to advance the objective of better governance, what we really mean is that most of our engagement with Indonesia is on the supply side of governance, which is quite understandable, because it is less controversial and less sensitive—that is, we are training officials and others to be more professional, have more skills and operate more effectively in government. We would contend that equally important is the demand side of good governance—that is, the ability of the community, through media and public information, to require government to use resources responsibly to meet basic needs. Those sorts of investments are far more risky, but are an essential component of an effective holistic good governance program.

Senator SANDY MACDONALD—Does civil society include the promotion of economic sustainability?

Mr Tupper—Yes.

Senator SANDY MACDONALD—You get so used to using phrases like 'civil society' or 'economic reform'. If you ask people, 'What does economic reform mean?' it really means anything you like. However, in terms of developing countries, it means economic sustainability and, therefore—hopefully—the removal of poverty. Thank you for that discussion about civil society, but does it include any economic programs or the encouragement of economic groups to create jobs, wealth and taxes so that the basic infrastructure can then be paid for?

Mr Tupper—Many of the programs which are funded by Australian NGOs are not just simply about substituting for government to provide services. They are about enabling communities and

those that they are working with to develop sustainable livelihoods, either through microenterprise or through investments in education and health training or whatever. At that micro level, yes, you could say that, but you might be referring to a more macro level engagement on these issues.

Senator SANDY MACDONALD—Very often civil society is a very micro level job, isn't it?

Mr Tupper—Yes.

Mr LAURIE FERGUSON—On page 80 you warn against situations where government policies undermine each other. Do you want to give some concrete instances of concerns there?

Mr Tupper—One that we would focus on is the potential to engage in or provide training support to the Indonesia military, which would undermine work that is being done in the areas of human rights and improved governance. That is because of the particular role of the military in Indonesia. That would be the one that we have highlighted mostly in our submission and in our recommendation; that the Australian government does not extend or expand any support for the Indonesian military until there is adequate reform there.

Mr LAURIE FERGUSON—I can assure you that has been flogged to death by other witnesses. Do you want to talk about any others?

Ms Spillane—I know that has been raised with the committee, but I would highlight again the issue of debt. We have focused a lot in our submission and in our work on what the aid program is doing in Indonesia, and there is a lot that is very positive. When I appeared before this committee with Prof Ross Buckley for Jubilee, we talked about the $1.6 billion bilateral debt contributing to the debt problem that is strangling the Indonesian government from providing for the basic needs of its people. In our submission—and we support the submissions of others—we strongly encourage the Australian government to take a good hard look at doing more on the Indonesian debt issue, as a supplement to the positive things we are trying to do through providing aid.

Mr LAURIE FERGUSON—You make the point that the Indonesian Working Group's membership includes a significant number of players who have decades of experience there. As I understand it, the government is moving towards preferred NGO delivery, with a smaller number of delivery NGOs. Do you see most of these organisations with experience surviving that process or do you think some of them are going to be in the firing line?

Mr Tupper—As a general comment about the approach that is being taken by AusAID in its relationship with NGOs in various country programs, what we are both seeking—that is, AusAID and NGOs—are more effective and sustainable programs. We are also seeking to have more of a genuine partnership, where NGOs have some input into the nature of the strategy and, where they have a capacity in that particular country, they can then implement programs that are supporting a more coherent strategy—not, as in the past, AusAID as a tenderer of contracts and NGOs picking up the occasional contract for work that may not relate to a cohesive strategy.

We hope, as well, that there would be areas that would be suggested or recommended by NGOs to AusAID that need to be covered—for example, I referred earlier to the demand side of

accountability with government, what that could be doing. To answer your question directly, if we are going to pursue that process there will probably be fewer NGOs engaged in those programs. The thing we will be monitoring and what we want to ensure is that the objective we have—of making sure that the nature of the engagement that does exist is more effective and more sustainable—is the one that we are interested in.

Ms Pausacker—I will give a little bit of feedback on the ACCESS scheme from NGO people who have been to Bali and met with the ACCESS people. I presume AusAID has already talked to you about the ACCESS scheme which has been set up. AusAID, through a contractor, is dealing directly with Indonesian NGOs and largely focusing on capacity building, which the Indonesian NGOs have themselves highlighted as one of their priorities. It is still quite early days, I think it has been a year or a year and a half at the moment, so it is just beginning to operate. There is dialogue happening with the ACCESS people, and people have been generally favourable about what they are setting out to do, what areas they are focusing on. They are focusing on both Christian and Muslim, and not going too far but going far enough to have a variety of regional programs, and also the focus is on capacity building for Indonesian NGOs. Small NGOs are taking funding to raise their capacity, and then larger grants are given to already well functioning Indonesian NGOs.

Mr LAURIE FERGUSON—Maybe I should be a bit more direct in the question, because I do not seem to be getting a very direct answer. You have a group, the IWG.

Mr Tupper—Yes.

Mr LAURIE FERGUSON—It has members, which you boast have expertise over a long period of time.

Mr Tupper—Yes.

Mr LAURIE FERGUSON—And I hear members of parliament running around the place, saying groups like World Vision are amongst those that Foreign Affairs prefers, blah blah blah. I am asking you: in this group, the IWG, with its expertise, which you are telling us is so great, are many of them in danger of a process which sees the government move towards a smaller number of delivery NGOs?

Ms Spillane—I think in relation to the Indonesia program, to some extent that has happened already. There is not what AusAID calls a country window in the Indonesia program any more for direct funding to Australian NGOs. There is the ACCESS scheme which, as Helen said, takes funding through directly to Indonesian NGOs. Some of our Australian NGOs also access funding through the general AusAID pool for NGOs, but within the Indonesia country program of AusAID there is no longer a country window mechanism to fund Australian NGOs.

I think it is fair to say that it has been a matter of disappointment to many of our member NGOs that the opportunities have become more limited, and Helen may have a view on this. The profile of our members who are active in Indonesia is that many of them have such a long-term commitment and Indonesia is such an important and close neighbour that, with community funding, they are very committed to going forward with their programs anyway. But, as is

always the case with NGOs, if there were access to more resources there is more they could do, and I think there is some disappointment that there are not more resources available.

Mr LAURIE FERGUSON—Finally, I associate myself with the comments you made on behalf of Muslim Aid; I am going to their fundraiser this weekend. However, your advocacy is of a few high-profile projects in Islamic areas of Indonesia. Fair enough; I understand why you are saying that. But I remember—and you mentioned this—that when a delegation from Australia went to Indonesia in the past and looked at foreign aid projects, the emphasis was that the reason for the stress on eastern Indonesia was poverty. It was not because they were Christians; there were valid reasons. I would hope that we do not go too far down the line just for the sake of political correctness.

I will ask you the question I am leading to. Muslim Aid: you have come here today and you have told us they are a legitimate organisation et cetera and these allegations are wrong. Do you as an organisation work with them to maybe use their expertise and their contacts to deal with Indonesia to some degree and say there are other reasons for this program? Is a member organisation like that ever called upon to do some work on those fronts?

Mr Tupper—In the case of Muslim Aid Australia, I have to say it is still fairly early days for them and us. If anything, this unfortunate *7.30 Report* on ABC was a catalytic event to highlight what had already been happening in terms of using the good offices and contacts of the Muslim Aid Australia community with their Indonesian counterparts, but I have to stress that they do not have a very big program in Indonesia and they would be equally looking for advice from our other members who have a long history there. Most recently, we have evidence—particularly in a joint appeal during the Iraq war—of Muslim Aid Australia, the National Council of Churches and four or five other member organisations working together. We would in future be increasingly looking for their advice and their involvement in the Indonesia working group and drawing on that.

CHAIR—Can I go back a couple of points. Shennia was speaking about the problems with debt. I notice in your submission you were talking about a debt-for-aid swap. Could you tell us how that would work and in what areas it would work? Is this able to be achieved without increasing the aid budget generally?

Ms Spillane—In answer to the first question, a debt-for-aid swap is something that some work has been done on internationally. It started, I believe, with a model of more a debt-for-environment swap that was pursued particularly in Latin America through the eighties and the early nineties. The concept of it is that a creditor country—or a creditor organisation in fact can do it—agrees to write off a certain portion of the debtor country's debt but, as part of the writing off of that debt, there is an agreement reached with the debtor country, which in this case would be Indonesia, about how the funds that are then freed up from debt repayment will be used.

There is minimalist and maximalist; there are different models of debt-for-aid swaps that have been talked about and used in different parts of the world. A minimalist approach may simply be an agreement that the money would go through a certain Indonesian budget line that would then be fed through to health or education or a development area. In other situations, sometimes the money that has been written off from debt service payments is then fed through a non-government organisation or an international organisation, which then uses it to perform agreed-

upon aid projects on the ground. The aim of this, as you would recognise, is to ensure that, if rich countries write off debt, the money that is freed up is used for legitimate development and poverty alleviation purposes and does not disappear into the budget or disappear into other corrupt purposes.

There are different models for a debt swap, and that is one of the reasons I think we have tried not to be really prescriptive about exactly what the Australian government should pursue. It should be something that is agreed upon between the two governments in a manner that mutually works for them.

The $1.6 billion, which is the bilateral debt that Indonesia owes to Australia, is too vast a sum of money, I would suggest, to immediately write it all off in a debt for aid swap. It would be a large amount of money to try and feed through the Indonesian system, but it could be broken up into smaller parts and it could be agreed how different portions of it would be used.

In terms of the question about an increase to the aid budget, the financing of debt is an enormously confusing area and I do not want to try and offer a definitive answer. My understanding is that when the Jubilee 2000 movement reached agreement with the government on the cancellation of some bilateral debts during the year 2000, that was funded directly from Treasury funds, it was not funded through AusAID, but contributions since to other debt alleviation schemes, like the HIPC mechanism, have then been channelled through AusAID.

When I have talked to AusAID officials about this, they say that the financing of debt relief is a complicated area. It would be between Treasury and AusAID, I think, to work out how the financing of that exactly would work. It does require an on-paper commitment of funds from the Australian government because they are writing off debt service payments they are no longer going to accept. It is a paper transaction in that sense.

CHAIR—Could I move into the area of trade that you touched on. There are two recommendations, 9 and 10. Your suggestion was that Australia should undertake measures to enhance Indonesia's trade negotiating capacity. Can you expand on that? What would we have to do with it? Is it long term or something that we could get out of the way pretty quickly?

Ms Spillane—I think it is fairly long term. I should mention that I am not the trade expert within ACFOA. We can probably seek some more information on notice if you wanted it. Our general approach with a range of developing countries—and Indonesia is one of them—is that trade related capacity building, which already gets some support through the AusAID program, really needs to focus on boosting the capacity of relevant Indonesian officials to understand the WTO system and the mechanisms, to be able to send delegations and negotiate their own interests effectively in those international forums.

There has been some training undertaken, and we welcomed a general increase in trade related capacity building assistance in this year's aid budget. One of the issues, though, has been that part of the approach to trade capacity building to date has been a fly in, fly out approach—fly in and do a one-week program or a seminar and then go away and leave them to it. Developing countries, if they are to use the opportunity they have in the WTO to advocate and protect their own interests, need more long term and sustained building of their capacity to effectively negotiate their own interests in those international trade forums.

There has been some cooperation with us. Obviously, we are Cairns Group partners with the Indonesians and so there has been work done of mutual benefit, but trade is a highly technical area and there is a lot of opportunity to do more in the area of long-term capacity building for Indonesian trade officials.

Senator PAYNE—I have a question in relation to the part of the submission that talks about basic social services, on page 11, particularly the notes in the third paragraph under 3b on your members' work in the HIV-AIDS area. You make a broad reference to a possible expansion of activities in Papua and I wonder if you would like to elaborate on that for the committee, because this is an issue of some interest to the members.

Ms Pausacker—I do not have the detail but I can give you a generalised reply. I can also find you more detail, if you would like. Papua is the area in Indonesia where there is the highest incidence of HIV-AIDS and that was the reason for placing that there.

Senator PAYNE—I am interested in what social and cultural challenges your members face in implementing programs on HIV in Indonesia. One of the hearings that was held earlier in this inquiry concentrated significantly on social and cultural differences and the importance of Australia in particular appreciating and working within those environments, and this is a very sensitive area for a delivery. I wonder what practices and approaches your members adopt when they are delivering services, particularly in relation to prevention of transmission of HIV-AIDS, whether there is any work done in relation to mother to child transmission and so on.

Mr Tupper—We will take that on notice. I cannot talk specifically to that question, but I can tell you from my experience in visiting Papua on three occasions on health related activities that it is a very unusual and difficult place to work because there are two cultures operating there. There is the coastal Indonesian authority culture, where there are organised health services, and then there are the more remote areas in the mountains and so on, which has basically been the province of missionary groups and is still suffering from very poor services, if any. As an example, I frequently encountered the fact that health workers paid for by the Indonesian government that were meant to be working in the remote areas just were not working there. They were actually living in the towns around the coast; they did not want to work there. The only people providing services in those areas were missionary organisations or non-government organisations and so on.

I can speak more authoritatively about the approach of the Leprosy Mission, but there is a bit of a similarity there with HIV-AIDS and cultural issues—maybe I should not say that, because I am not a medical expert. One of the remarkable things I pointed to earlier on in terms of the people in Papua and their cultural issues is that there were none of these barriers that we face in other more formal cultures. They were much more open about disease and willing to address it and willing to take on anything that would prevent that. There was much more openness in those societies.

If there were adequate access by medical personnel, and programs in Papua, I think a great deal could be done to address some basic health needs, including HIV-AIDS. The problem that we are confronting is the difficulty of getting access to what is now regarded as a highly sensitive area. When I say that, I mean the difficulty of access by expatriate workers; that is the

main area. We can ask our members to provide to you some detailed information about HIV-AIDS in particular.

Senator PAYNE—Across Indonesia, not just in Papua.

Mr Tupper—Yes.

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, and she will send you a copy of the transcript of your evidence, to which you can make any necessary corrections to errors of transcription.

[11.12 a.m.]

MALEY, Mr Michael Charles, Director, International Services, Australian Electoral Commission

MAXWELL, Ms Dezma Lee, Assistant Director, International Services, Australian Electoral Commission

CHAIR—On behalf of the subcommittee, I welcome members of the Australian Electoral Commission. 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 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 wish, and then we can proceed to questions.

Mr Maley—Thank you, Mr Chairman. At the outset, I would like to thank the Foreign Affairs Subcommittee for giving us the opportunity to expand on the submission which we lodged on 25 October last year. In that submission, we described the activities we had undertaken in support of the 1999 election in Indonesia and concluded by noting that an AEC team had travelled to Indonesia from 2 to 13 September 2002 to explore the opportunities which might exist for assistance for the 2004 elections.

There have been a number of significant developments since then. Late last year the AEC concluded an understanding with AusAID covering several areas of electoral assistance. As a result, in November 2002 the AEC deployed a team to Jakarta which pursued a range of activities with the Indonesian General Elections Commission, which is known by the Indonesian acronym KPU.

In the field of election management training, the team piloted selected modules of the BRIDGE Electoral Administrators Course, which has been developed as a joint project by the AEC, the UN and the International Institute for Democracy and Electoral Assistance, which has a distinctive activity based curriculum. The course was very positively received by the KPU and has now been fully translated into Bahasa Indonesia.

An AEC officer also undertook a mission to Jakarta to prepare a report on the KPU's information technology strategy. This identified a number of challenges which the strategy faced and the strategy has since been significantly altered to address those challenges. Two further reports were prepared for AusAID in the course of the project, identifying additional possible areas for productive Australian assistance right through to the 2004 elections.

As a result of the successful work which had been done, the project was extended by AusAID until 31 July 2003 and the AEC was tasked to assist the KPU in the development of its training needs, in the strategic planning of KPU training and in the establishment of a KPU training unit. The AEC was also asked to prepare a detailed plan for further AEC assistance in 2003-04. Both of those activities have been ongoing. A presidential decree clearing the way for the

establishment of a KPU training unit has now been issued and a two-week train the trainer workshop was organised in Jakarta last month, with another scheduled to proceed in Sumatra later this month.

Agreement in principle has also been reached between the AEC and AusAID for the extension of the project through to the end of October 2004. The project will be mandated to continue work in support of electoral training and to work with other donors on the establishment of a joint operations and media centre similar to that set up in 1999 and described in our earlier submission, through which the KPU will be able to disseminate unofficial election results. Provision will also exist for certain ad hoc assistance if the KPU encounters problems which we might be able to help solve.

All of the work of the project has been done in close cooperation with not only the KPU and AusAID but also with other donor bodies such as the UN Development Program, the International Foundation for Election Systems and the International Institute for Democracy and Electoral Assistance. The AEC is very pleased with the way in which all stakeholders are working together and with the overall manner in which the project is proceeding. Having made those brief remarks, we would now be happy to assist the committee with its deliberations.

CHAIR—Could you give us a thumbnail sketch of how Indonesian elections work?

Mr Maley—I am happy to attempt that, but to summarise Indonesian elections in a short time is a little like making a film of the *Bible* or the *Lord of the Rings*. It is a major undertaking. The first thing I should do is set the scene for the scale of the operation, when you run an election in Indonesia. The latest figures I have seen for the number of voters in Indonesia points to around 142 million people voting. A large proportion of them are in Java and Bali, but the balance is spread around the islands of the archipelago.

The benchmark figure for the average number of people voting in a polling station is around 300, so that immediately takes you to a figure of about 400,000 polling stations across Indonesia, compared with roughly 7,500 in Australia. An Indonesian election is, essentially, the largest logistical undertaking in South-East Asia in peacetime. You are taking the entire voting population of the country and trying to put it through a prescribed process in one day of polling, with all the subsequent exercises to do with compiling the results through to the centre so that we can know the outcome of the process. It is a very big operation and involves massive numbers of people; millions of polling officials.

I think it is worth emphasising that the Indonesian electoral system is still in a process of evolution. These elections coming up next year are not going to be the same as the ones that were conducted in 1999, either in the way in which they are administered or in the rules which govern them. This will be the first occasion in living memory in which the President will be directly elected. A law has relatively recently been passed to provide for a two-round system of presidential elections, with the first round of polling likely to be in about July next year and then possibly a second round towards October next year. There will also be legislative elections conducted in April next year. They will involve voting not just for the House of Representatives but for a new body known by the acronym DPD, which is sometimes referred to as the Senate. There will also be elections for legislative bodies at the provincial and district levels. You have a multiplicity of ballot papers.

To give some brief background, the Senate elections are the simplest. They will be conducted with four people being elected from each province, using a system of single non-transferable vote. That is a system where you vote for only one candidate, even though there are multiple vacancies. It was used previously for elections in Japan and has been used in a number of other countries. It is typically referred to as a semiproportional system—a system which gives rise to some significant strategic issues that parties have to consider, because they have to make a calculation as to how many seats they have a prospect of winning. If they have a realistic chance of winning only one seat, but run three or four candidates, they may split their vote among all those candidates and not win any seats. If, on the other hand, they have a chance of winning three or four seats, but run only one candidate, they will get only one elected. They have to make some strategic calculations on that.

The election system for the House of Representatives will be what they refer to as an open list proportional system, with voting in constituencies, the boundaries of which are yet to be determined. According to the law, they have to elect between three and 12 people per constituency, but there are certain other constraints in the law which are inconsistent with that in certain provinces, so the KPU will have to make a decision on how to deal with that. Under the open list system, they will be allocating seats among the parties using the formula known as the largest remainder formula, a mathematical mechanism for seeking to allocate seats proportionally. There will be provision for the election of candidates even out of the order that is specified on the party lists which the parties have lodged, but only if a candidate wins a quota of votes in his or her own right, which is relatively challenging for candidates to achieve. There are similar sorts of systems in place for the lower level elections.

One of the great difficulties will be the process of redistribution, because boundaries essentially have to be set up for the national elections, the provincial elections and the district elections and taken as a whole. It is a massive job that the KPU is facing at the moment. That is a potted outline.

CHAIR—Does the general public appreciate all this? Do they have an understanding of it? How important to them is that right to vote?

Mr Maley—That is a very difficult question to answer at this stage, because the sort of research work that would be able to answer those questions is very difficult to mount in a place like Indonesia. Just drawing a sample of the electorate and bringing together focus groups is not a particularly easy thing. The latest data that I saw on that was produced by the Asia Foundation—again, some months ago—which was work with focus groups, talking to them about their understanding of the political process and democracy. As you would expect, there is quite an uneven understanding between different parts of society. That was what was coming out of those focus groups anyway. I remember one person was quoted as saying, 'Democracy? Is that an acronym?'

It also needs to be borne in mind that major efforts on voter education have not really started at this point. That is the sort of activity that in the past in Indonesia has been pursued not only by government bodies but also by non-government organisations and civil society groups that have been active in the field. There tends to be a perception that, if you want to get those sorts of concrete messages about the process across, you have to wait until what is happening is sufficiently salient and that the messages will stick. It is probably too early to tell on that.

Going on the experience from 1999, people seemed to be very engaged with the election process then. The focus group work that I saw indicated a degree of disillusionment with the outcomes of all of the changes from 1998 and 1999. How that may factor into disillusionment with the broader electoral and democratic process, I think it is too early to say.

Senator PAYNE—Mr Maley, in terms of the process that you outlined for 2004, how different is that from 1999? How will the Indonesian voters see any of those changes manifest?

Mr Maley—The greatest difference is that they are voting directly for the presidency, which they certainly have not done in the past. That is the most radical change. A lot of the changes to the voting system for the House of Representatives were motivated by perceptions that the links between representatives and their constituents were not as strong as had been originally contemplated when the 1999 system was set up. Having said that, what has come out of the parliament is a political process of negotiation between the parties who were elected in 1999. My personal view is that the threshold which will permit individual candidates to get elected out of the order that is specified by their parties is a relatively high one, and the impact that will have on the degree of answerability from constituents to representatives is probably not all that great.

The other thing that has changed radically since 1999 is the structure and nature of the KPU. You may recall that in 1999 the KPU was a body which consisted of representatives of all the registered political parties, of which there were 48, plus five government nominated members. The 48 party representatives, between them, had only five votes on issues before the KPU. Unfortunately, the party representatives showed a very high propensity to see themselves not as people charged with running a clean election but as people looking after their own interests within the particular forum of the election administration. There was at least one fist fight in a commission meeting.

After the election, a deadlock broke out between the party representatives, with some of them who had not won seats insisting that their parties be allocated at least one seat as an indicator of good faith before they would certify the results. Eventually, the KPU was incapable of certifying the results and President Habibie certified them himself. Probably the good thing about that was that it crystallised in people's minds the dysfunctional character of the structure that had been set up in 1999. They have now moved to a truly independent electoral commission, with commissioners appointed out of civil society, and they seem to have achieved quite a high degree of respect.

Another change which has been very significant is that in the past the secretariat of the KPU—the actual bureaucratic structure—did not report to the commission; it reported to the Ministry of Home Affairs. There was a situation of divided responsibilities and it was open to the Ministry of Home Affairs to move staff around, even if they happened to be critical to the process of the election. That has now been changed, with the most recent presidential decree on the structure of the KPU—which I only received this morning, and I am happy to provide an English translation to the committee—which makes it clear that the secretariat is reporting now to the commission. This is a much better structure than was in place beforehand.

In 1999 the whole thing was done in a diabolical rush. When I was there in January 1999, the KPU had not even been appointed for elections that were due in June. The body has been in place for quite some time and it is working very actively. That is a very encouraging sign. In

elections that I have seen in many parts of the world, the great risk is that people perceive that 12 months is a terrifically long time in which to organise a process. The KPU, I think, have been conscious for at least the last 12 months that, in fact, they have a very tight deadline for everything they do. They have been working extremely hard putting out directives and considering critical issues well in advance of the process, and that is a very encouraging sign.

Senator PAYNE—You said during your opening remarks that there will have to be an arrangement of boundaries at three separate levels between now and the election itself in 2004. Who is responsible for doing that? Is it a redistribution or a distribution?

Mr Maley—In effect, it is a distribution, because the boundaries have not existed before. The KPU is responsible for it.

Senator PAYNE—Do they have skilled staff with that experience or is the AEC helping in that process?

Mr Maley—We have not become involved in it as yet, but they have started to put together a team of people within the KPU who are being trained up in the use of geographic information systems of the type that will facilitate that boundary-drawing process. The last I saw, I think they had about 10 people in that team.

Senator PAYNE—It would be a psephologist's dream.

Mr Maley—Yes. Certainly, the psephologists from outside Indonesia with whom I met last time I was there, who were with the National Democratic Institute, seemed to be in a very trance-like state.

Senator PAYNE—When you are dealing with 142 million voters in a country that has significantly high illiteracy rates, in certain parts, how is the KPU approaching that in terms of voter education and voting on the day?

Mr Maley—You can look at that in a couple of different ways. I have already talked about voter education a little, and I think that that still has quite some way to go. The other thing that you have to look at is the design of systems in such a way as to make them feasible. The method of voting—which I have not mentioned—is a relatively straightforward one. If you were voting for the single vacancy DPD election, you would simply use a nail to punch a hole against the candidate's name for whom you wished to vote. If you were voting in the House of Representatives election—the DPR—you would punch a hole against the party's name for which you wished to vote. You also have the option, if you desire, of voting for an individual candidate within that party, again by punching a hole.

The sort of process that they typically use in this sort of situation is having photographs of candidates or party symbols used on the ballot paper so as to facilitate identification and use of the ballot paper by people who are illiterate. That does not seem to have become a major issue in 1999.

Senator PAYNE—One of the issues which you have mentioned is relationship building between the AEC and the KPU. You said that if problems were encountered then support could

be sought from the AEC. Is the relationship at such a level that someone can pick up the phone from Jakarta, if necessary, to ring the AEC and ask, 'What's the story? What can we do about this?'

Mr Maley—What is happening up there at the moment is that we have established the deputy secretary-general as our main point of contact within the KPU. He is a gentleman named Sussongko Suhardjo. We are working very closely with him, particularly on the implementation of the specific projects we have in mind. Our team leader up there is meeting regularly with him and also with other counterparts in the KPU. The mechanism at that bilateral level certainly exists if they have issues they want us to pursue.

Also the UNDP in Indonesia has been asked to coordinate international support for the election process. We have been working closely with the UNDP staff up there ever since we were deployed in November last year. That creates another mechanism whereby support can be requested. If they do not want to come directly to Australia they can raise this through the UNDP liaison, who can then come to us. At the moment the most active donors on the ground providing face to face technical assistance are ourselves and the Americans, the International Foundation for Election Systems. As it happens, the head of the IFES office in Jakarta is a former director of internal audit at the AEC, so we have a very good working relationship with all of the players on the ground there.

CHAIR—That was the thing I was going to ask. It is in fact really an Australian show, isn't it?

Mr Maley—I would not say that. IFES has been in Indonesia for quite some time. Our resumption of activities there was timetabled in discussions with AusAID. It really reflected the fact that it was going to take some time to shake out some of the difficulties associated with the structure of the KPU in 1999. Really that was an issue for the Indonesians and the Indonesian parliament to deal with.

The IFES office is a very important player there. It has been involved with all sorts of activities. Also, the UNDP has a permanent office in Jakarta and it has also been very heavily involved with the support for the election process. What we have been able to do is consult very closely with those other donors to make sure what we do complements what they are proposing to do. That is a process we are very happy with. There have been times when we would get together and say, 'We don't need to do that because you're doing it.' There would be other times where we would say, 'We think this is something that is worth doing but we do not happen to have money for this at the moment. Is this something that you guys can fund?' More often than not, they have been able to fill the breach.

From our point of view it is a very good relationship, not only with our Indonesian counterparts but also with all the other active donors up there. I anticipate that will continue right through.

Mr LAURIE FERGUSON—I have two points. Firstly, at a village level who is given the task of managing the polling booth et cetera? Secondly, what is the process for electoral registration? Are there full-time officers? How is that undertaken?

Mr Maley—I will take the second question first. The electoral registration process has been done as a joint project between the KPU and the State Statistics Bureau. They put out teams of enumerators going household to household earlier this year. The voter figures which I mentioned earlier are taken from some preliminary figures that have been produced as an output from that.

There is still an exercise that has to be undertaken of optically scanning the forms that came back from that process to produce a voter registration list. That is not something we have been directly involved in. It is an ongoing process and there is a lot of work still to be done before they have a roll.

As far as the people who run the polling stations are concerned, typically they will recruit a team of people at the polling station level—I forget the acronym which describes them. A polling station in Indonesia looks not unlike a polling station in Australia. There are differences of layout and that sort of thing but you have defined officials and they will be recruited by the KPU.

Mr LAURIE FERGUSON—I had only one other question but you have led me to ask a further question. You say that a recent survey has been done. What is supposed to happen in the next five years after this election? Is there going to be any permanent office monitoring changes to rolls or is that done only every four to five years?

Mr Maley—I do not think they have made a permanent decision on that yet.

Mr LAURIE FERGUSON—My other point relates to the 48 parties at the last elections. Are there hurdles for political parties to be on the ballot paper? Are they bringing any in?

Mr Maley—Yes, there are. I do not have the details with me but I can check that up in the law and forward it to the secretary.

Mr LAURIE FERGUSON—Thanks very much.

Senator SANDY MACDONALD—What was the financial contribution made for the 1999 election? I know we supplied a lot of the computer networking for the vote counting as such. Approximately how many people were involved? What sort of budget will we have for the 2004 contribution?

Mr Maley—I am going on memory now. In 1999 it was in the order of $600,000. We had a team of people coming and going. There were three or four people there. In fact, a lot of the hardware for the operation was not provided by us but by the Japanese International Cooperation Agency because again that was done as a cooperative project. For the project we have coming up, the funding is in the order of $2.9 million.

We will have a somewhat larger team of about six or eight people, but they will be coming and going and a lot of them will be Indonesians. They will be people with training skills that we will recruit locally. This activity of working with the KPU on developing its training infrastructure is not something we did in 1999. Our experience with doing this sort of work in other countries has been that having language skills which permit your trainers and training developers to interact directly with their trainees is absolutely crucial. We have been moving in that general direction.

Senator SANDY MACDONALD—That is interesting. I was lucky enough to be an observer at the 1999 election and I understood our contribution was really very large—much larger than that.

Mr Maley—I need to draw a distinction between the Australian contribution and the contribution that came through the AEC. AusAID disbursed significant funds that were not part of the AEC operation. I do not have them off the top of my head. My memory is that it was in the order of $15 million in total. Again I understand that for this coming election they will be disbursing funds other than through the AEC.

Senator SANDY MACDONALD—When I was there the relationship with the officials was clearly very, very good. It was very much in Australia's interests. Do you sense, having been back there again in September last year to talk about the plans for 2004, that there has been a change of sentiment at all within the interaction between the AEC and the KPU?

Mr Maley—I think it is much better this time. What we found in 1999 was that the KPU was a somewhat anomalous structure in an environment where you are coming straight out of a very different political system. A lot of the people who were in the KPU bureaucracy had been associated with electoral processes under the New Order regime, which they would tell you quite openly had been corrupted. They were not meeting international standards. But there were still very diverse interests associated with different parts of the bureaucracy. The pattern that seemed to arise was that the people in the bureaucracy were really quite wary about international assistance—not just from Australia.

The reformers within the process, who were mainly focused among the five government appointees to the KPU, were very keen to see international assistance because it strengthened their hand to push a reform agenda. Then the 48 political party representatives were really looking after themselves and would play it as they saw fit from time to time. There were some very divided motives, depending on with whom you were dealing. At one level relationships were very polite, they were pleasant, but there were certain areas where it was extremely difficult to make progress. What we wound up doing there was working in this niche area of results compilation where there was a general consensus that the skills were not there to do it properly because results compilation had not been cleanly done in the past.

Senator SANDY MACDONALD—There were 320,000-odd polling stations, so the result is going to be very slow. How long did it take last time?

Mr Maley—Weeks and weeks. How long did it take to get final results? I am not sure they ever got final results through their official systems.

Senator SANDY MACDONALD—But the night of the election there was a pretty clear indication—

Mr Maley—No, definitely not. By about seven days after the election we had some figures coming out of the Joint Operations and Media Centre, which I have quoted in our submission, which were a pretty good indication—

Senator SANDY MACDONALD—I just remember that it was very slow. There was a question about the participation in the village or in the street, and—there is no criticism meant by this comment—they were very enthusiastic amateurs, because they made it into a festive occasion. You have 320,000 polling stations and clearly every couple of streets is going to have their own polling station. When it came to count, it was like a pantomime in a couple of places I went. GOLKAR was on the nose in this particular area. They used to boo when GOLKAR was successful; if anybody else got up, they deserve a pat on the back.

I know you said that the AEC does not have a role to play in the development of political parties but clearly political parties are very important, whether we like it or not, for functioning democracies, along with an uncorrupted judiciary and a liberal press, We, as politicians, do not like a liberal press, but that is what makes Australia what it is. Have you noticed that the political parties have strengthened up, that there is a keener understanding of the strength and differentiation of political parties; it was very much personalities before.

Mr Maley—I suspect that some of that has come out of the way in which the parliament itself has operated. It has quite a structured system of factions agglomerating the interests of the political parties, and they are doing deals, but I would not say the parties are weak. If anything, the concern that some people looking at the election process have commented on is that the parties are so dominant that they control the order of election of candidates, that candidates are still owing their political fate more to the endorsement of the parties than to the relationship with the electorate.

I think people have a number of different perspectives on this. There were also diverse parties in existence, even before 1998. There were the three parties that used to contest elections all the time, and then you had PDIP that came out of the split in PDI. You have other parties that have linked into significant community organisations, like PAN and PKB. As to the amount of strengthening of parties, I think you probably need to look at some which are already strong and some which probably can benefit from that.

The players who have been most active in that area are the Americans. The US party foundations, the National Democratic Institute and particularly the International Republican Institute have offices in Jakarta. IRI has been doing a lot of work on political party development, trying to work with particularly the smaller parties, giving them this sort of training in how to participate in a democratic electoral process, how to work on selection of candidates, how to democratise your internal procedures and that sort of thing. This is something in which they have an awful lot of experience. They have done it in many different countries and they can draw on people who have done that. I think our view in the AEC is that it is a little outside our field of experience and there are people there who do this very well.

Senator SANDY MACDONALD—I am interested in your comments. I know you are not involved in that. You are apolitical, or 'aparty', in a sense.

Mr Maley—Yes.

Senator SANDY MACDONALD—One final question: do you see any value in the elections next year in April and in July and possibly in October, whether they go to a second presidential election, of having Australian parliamentary observers at the election, as there was in June of

1999. I do not know whether there were parliamentary observers there in 2000, but there were in June 1999.

Mr Maley—The sort of value that comes out of electoral observation—I will not talk specifically about parliamentary observers; I will come back to that in a second—depends very much on the nature of the election that you are covering, as to what you can achieve. To take one polar example, in the ballots in the elections in East Timor, which have been quite meticulously observed by Australian parliamentary delegations and other observers: where you are in effect dealing with what used to be one province of Indonesia with 13 districts, you can put a relatively small team in and it can visit quite a number of different places, it can see quite a lot of different activities, it can consult with all the relevant players in a relatively short time and not only project the interest of Australia in the developing democratic situation there but also make an assessment of what is happening on the ground.

It is very much more difficult in a country as big as Indonesia. With the vast scale of the operation, the coverage that observers can achieve of what is happening is very much more limited. It is constrained by safety, communications difficulties, transport constraints and problems of putting someone into a very remote area where there is no way of getting them out if someone is injured or sick or that sort of thing. I do not think observers have the same opportunity in a big country like Indonesia really to make a fully informed judgment as to the validity of the election processes. But it is very valuable as a mechanism for underlining Australia's interest in the process and support for the ongoing democratisation in Indonesia. I think that alone would justify that sort of building of ongoing links.

Mr PRICE—Do we have Indonesian observers for Australian elections?

Mr Maley—We do not have observers in the sense of people who come here and take it upon themselves to declare whether or not our elections are free and fair. What we do in the AEC is to typically invite our counterpart organisations from other countries with whom we have contacts to send people here as visitors at election time. A couple of KPU commissioners did come here for the 2001 elections, and we certainly envisage inviting them again to send visitors for our next election, though if they happen to be relatively close to one of the three polls in Indonesia next year, it might make it difficult for them to send people but, in principle, yes, we think it is beneficial.

Mr PRICE—In terms of the three polls, specifically what assistance will the AEC be providing?

Mr Maley—On the training side, we are working on the development of cascade training plans and supporting those sorts of activities. In the first instance you have to help the KPU to do a full training needs analysis and identify all the people who need to be trained at the different levels of the organisation, what sorts of skills they need and how they might be developed.

Having done that, we will be supporting them in setting up their training unit and getting people together in that unit who have the sorts of skills to manage a big operation like this. We will be helping them run training of trainer processes at a number of different levels of the operation and in the development of training materials for use again at all different levels of the operation. Bear in mind that there are a lot of new people involved with the election process this

time. There will be people needing training from right down at the polling station level to the subdistrict management level, the district management level, the provincial management level and the central KPU.

Obviously it is such a big job that any sort of contribution that Australia or, for that matter, any other donor might make cannot of itself mean that that will be completely under control and people do not have to worry about it any more. It is just too big. The predominant contribution for training on that scale still has to be an Indonesian one. What we have tried to do is look at what are the particular distinctive skills that our organisation and the ones with which we are working can bring to that, and the points in the training process and the development process where we think we can actually make a difference and help them do it better.

Mr PRICE—You have commented on the length of time it took to count the ballot in 1999. What is your expectation for this ballot?

Mr Maley—I would guess a little the same as last time except there are more levels of ballot to be counted, so that complicates things. The KPU had some relatively ambitious plans to set up a wide area network connecting all of its offices in the field and centrally, which might have helped them to produce official results rather more quickly than was the case in 1999. When we deployed our expert up there to have a look at it, he concluded that it simply was not feasible for them to implement the plan which they had looked at in the time frame that was available to them and with the resources they had. A similar conclusion was reached by a UNDP expert who was deployed at about the same time.

The KPU then appointed an advisory team of people from computing departments at some of the universities in Indonesia, and they came to the same conclusion. I think the KPU is in something of a state of flux as to how it is going to officially compile the results. The work on setting up a joint operations and media centre is something that the KPU has asked IFES—the International Foundation for Election Systems—to do, so we would be working with them as a key agency. I think our view on it is that, because getting involved in another country's election results is a relatively sensitive area, we want to make sure that it is clearly understood that anything we do will be producing unofficial results and also that it will be a multilateral effort rather than something simply involving Australia and the AEC.

Mr PRICE—In your private capacity as opposed to your official capacity, what impact do you think single member electorates will have on Indonesian democracy?

Mr Maley—They are not moving to single member electorates. They are going to an electorate based system, but they will be multimember electorates—a minimum of three, a maximum of 12, with a list-PR within that. There was some debate about single member electorates in 1998-99.

Mr PRICE—Sorry, multimember electorates.

Mr Maley—I think it is extremely difficult to tell at this stage, because there is a huge difference between a multimember electorate electing three people with a quota of 33⅓ per cent, because they are using a Hare quota, and electing 12 people with a quota of about eight per cent.

The split between electorates with three, four, five and so on is yet to be determined by the KPU, and there is a fair bit of discretion involved.

Mr PRICE—We would not want to inflict Hare-Clark on them. We want to work with them and build a relationship, don't we?

Mr Maley—I do not think we want to inflict Hare-Clark on any country which has problems with literacy. Preferential voting in general is not feasible, except in a very limited number of countries.

CHAIR—Thank you very much indeed for that, and thank you for your attendance here today. If there are any matters on which we need additional information, the secretary will write to you. The secretary will also send you a copy of the transcript of your evidence, to which you can make any necessary corrections to errors of transcription.

Mr Maley—Thank you.

[11.57 a.m.]

SUDRADJAT, Mrs Allison, Director, Indonesia Section, AusAID

DAVIES, Mr Robin, Assistant Director-General, East Asia Branch, AusAID

DAWSON, Mr Scott, Deputy Director-General, Asia and Corporate Resources, AusAID

CHAIR—On behalf of the subcommittee, I welcome members of AusAID. 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 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 wish, and then we can proceed to questions.

Mr Dawson—Thank you, Mr Chairman. I know that the committee has AusAID's submission, but it is now some eight months since that was prepared and it may be appropriate to briefly outline some of the key developments in the development-cooperation relationship over that period of time. Together with Indonesian authorities, we have put in place a new country strategy to guide the development cooperation program from 2003. Many of the key directions of that new strategy were foreshadowed in the submission to the inquiry, but we would be pleased to retrieve a copy and leave that with the secretariat after the hearing.

The new country program strategy recently agreed with the Indonesian government identifies four main objectives for Australian development and cooperation with Indonesia: (1) to support improved economic management through assistance with key structural reform measures; (2) to help strengthen the institutions and the practices of democracy through assistance for legal and judicial reform and democratic institutions; (3) to enhance security and stability through support for the efforts of Indonesian agencies to deal with the threat of terrorism, conflict prevention and humanitarian assistance; (4) to help increase the accessibility and the quality of basic social services, particularly in education and health.

The second significant development since our submission was lodged is the substantial increase in the quantum of Australian aid planned to Indonesia in the last budget. The estimated total Australian aid to Indonesia in the 2003-04 financial year will now increase by approximately one-quarter to over $151 million. A number of specific initiatives have been identified for implementation under that expanded program, including in the area of support for counter-terrorism, mainstream basic education, the support for the Indonesian elections that you have just been hearing about from the AEC, increased economic and legal governance assistance and a health services package for the people of Bali.

We believe that developments in Indonesia over the last year have confirmed the basic analysis of our original submission that pointed to the need for reform on a number of fronts if Indonesia is to make significant progress in reducing the number of people living in or near poverty. The number at the moment is estimated to be near 100 million. Indonesia's continued

good macroeconomic performance and, indeed, improvement in some areas has enabled it to weather the impacts of the Bali bombings, potential international shocks from the war in Iraq and from the SARS crisis and a slowing world economy.

The impact of the Bali bombings on growth, employment and the exchange rate is less than initially feared. However, Indonesia's key challenge is to make the deeper reforms, such as judicial and legal reform and reforms to the regulatory environment and corporate governance, that are necessary to improve the investment climate and to attract, particularly, much needed foreign investment and lay the foundation for growth. It is really only through sustained growth of the order of five to six per cent or more per annum that there will be substantial and sustained improvements in poverty levels in Indonesia. Action against this reform agenda will, therefore, also be particularly important as Indonesia implements its recent decision not to seek to review its financing facility with the IMF at the end of 2003.

These developments, for AusAID, confirm the importance of continued Australian assistance with improved governance. Governance assistance, in its broadest form, now constitutes almost one-third of our development cooperation program with Indonesia. I particularly note, in that context, plans this year to expand our work, both in economic governance and on legal reform, in areas such as judicial training, bank supervision, debt management and work to improve audit capacity and to enhance taxation revenue.

We would be happy to provide more information on those specific program developments and also initiatives to improve the quality and accessibility of mainstream education, particularly basic education and secular education in the mainstream Islamic education system. Likewise, also note that AusAID is making good progress on the implementation of two initiatives announced by the Prime Minister post the Bali bombings: a $10½ million health initiative announced in February and a $10 million four-year counter-terrorism capacity building initiative announced in October.

Finally, I wish to respond to some suggestions made in evidence to the committee that Australian aid funds are used to support the conduct by Australian NGOs of activities contrary to Indonesia's sovereignty. Such suggestions are completely without foundation. The Australian government support for Indonesia's territorial integrity is unambiguous. AusAID oversees a rigorous NGO accreditation process and requires Australian NGOs to observe the laws of the countries in which they work.

With input from the NGO community, AusAID has revised NGO funding guidelines to more effectively meet the government's already robust accountability and security requirements. We now require that all AusAID funded NGO activities in conflict affected areas of Indonesia—specifically Aceh, Maluku and Papua—have the endorsement of relevant Indonesian authorities. We have no evidence that Australian aid funds have been used in ways contrary to the policies or laws of Australia or Indonesia. The Australian government has discussed this issue with the Indonesian government and invited it to provide evidence to the contrary.

CHAIR—Thank you very much indeed for that. Can you give us an indication of how your particular projects are determined and how the funding is arrived at in terms of percentages of each particular project? Is it our decision in the long run as to what we take on and what we don't take on, or does the host nation—in this case Indonesia—really hold the whip handle?

Mr Dawson—Mr Chairman, I will answer it in the following way. This is a development cooperation program. Cooperation implies the involvement of both the Australian government authorities and the Indonesian government authorities, as well as a wide range of other stakeholders on both sides. The process of determining specific project interventions really starts one step removed from that. It starts with the development of a joint agreed country strategy, which is what I referred to at the very beginning of my statement. We have now agreed such a revised strategy with the Indonesian authorities to guide the program from this year onwards, probably for at least the next three years.

Once the broad outline of our program has been agreed and we have agreement on the key objectives, the key areas in a very general sense, on which we have worked—for example, support for economic governance, support to improve access to basic social services, support for work to increase preparedness for disaster management et cetera—we will begin to look for more specific activities that can help to advance those objectives. That is a process which will often involve specific Indonesian government agencies. If we are working on health services, for example, obviously it will be with the Ministry of Health. If it is at a local level, then it will be with local health authorities as well as national authorities. From that would develop a project concept and the details of a design over a period of time.

Through all of this process we obviously have very close consultation with the Minister for Foreign Affairs, in the sense that he approves the overall strategy and he will approve, at a concept stage, the types of activities we are proposing to undertake to implement that strategy. The summary answer to your question is the activities we carry out are jointly decided.

CHAIR—But in terms of, say, health versus education, who is the final determinant on that as to which may get a priority in any particular year. Would we have the right to impose our will in a situation like that if we thought one was more important than the other?

Mr Dawson—If we think one area is more significant than another, we will obviously present that view in discussions with the relevant Indonesian authorities. We will also be looking at the sorts of activities that are conducted by the rest of the international donor community in Indonesia to make sure that there is not overlap and duplication. In the context of preparing a current program strategy we would be conducting independent analysis on the nature of poverty across Indonesia, the geographic distribution, and the types of health concerns that exist in some provinces rather than in other provinces. From that we would draw a conclusion about which is the most sensible area of intervention for Australia: where can we get the greatest impact from our very limited aid dollar?

CHAIR—There was a claim made in the submission by ACFOA and confirmed this morning. One of their recommendations was that we should have a major high-profile project in a Muslim area, for example. How would you take to that? Do you listen to that sort of bid? Would you have the right to go to the Indonesian authorities and say, ‘We want to do a high-profile project in the middle of a Muslim area’?

Mr Dawson—We could very well make such a bid in our discussions with the Indonesian authorities. I should point out, though, that I think there is a misapprehension amongst some of the things that have been said about the geographic focus of the program that suggests the Australian aid program is working only in Christian areas. In fact, as I have indicated, we have a

very large proportion of the program directed towards broad governance activities which work at the centre and which are by no means confined to particular provinces. We have also identified a range of target provinces, a number of which—East Java, for example—are clearly predominantly Muslim provinces.

Mr LAURIE FERGUSON—You made a very forthright statement in regard to allegations of NGOs undermining the geographic situation in Indonesia. Do you have a response to the broader IPA attack on NGOs in regard to foreign aid delivery in Indonesia?

Mr Dawson—This may not be the place to get into this in detail. I simply repeat what I said initially: the requirement for Australian government funded NGOs to operate within the laws of Australia and the country in which they work has been a longstanding requirement. The prohibitions on the sorts of activities we will fund—evangelical activities, for example—have been a longstanding requirement. The monitoring arrangements we have in place to ensure accountability of Australian government funds remain strong. There is no specific response I want to make in regard to those comments but if there were any specific areas you would like me to take up, I would be happy to do that.

Mr LAURIE FERGUSON—You recounted the emphasis of the next few years on the program and the direction it is going in. You said that you had been vindicated to some degree by what has developed over the last few years. If we were to go back three or four years, what would be a few areas you think you might have moved out of in regard to emphasis on the program? You have given us what you are going towards now, but which emphasis would you have retracted from?

Mr Dawson—I think one of the main areas of change in the program is the increased emphasis on governance. Much of that comes from the analysis of the causes of the East-Asian financial crisis and the sorts of regulatory, legislative and judicial legal failures which were noted in a number of countries throughout the region, but certainly also in Indonesia, which contributed to that. The increased emphasis on governance is clearly a significant change in the program. Immediately post the crisis, the program was responding to a crisis situation and a very large part of funding was directed to activities which were social safety net type activities, designed for humanitarian relief rather than longer term development. The focus of our efforts now is very much more directed towards longer term development and reform.

Mr LAURIE FERGUSON—I did not really catch from ACFOA whether they were talking about a past debt relief program with Indonesia or a theoretical one; that is obviously one of their emphases. They said that the funding between the Treasury and yourselves would be essentially a bit difficult to fathom in regard to proportionality. Can anyone inform me: were they talking about a past debt relief program or a theoretical one? Could you comment on the situation between yourself and Treasury in regard to how that would be funded? Do you need the exact words from them sent to you?

Mr Dawson—AusAID does not have the primary responsibility for determining the Commonwealth's position in regard to its debt forgiveness. That responsibility is with the Department of the Treasury.

Mr LAURIE FERGUSON—I will put it differently: do we have a debt relief program with Indonesia?

Mr Dawson—No.

Mr LAURIE FERGUSON—So they must have been talking about the future. I will leave it there for the moment, thank you.

Mr Dawson—I perhaps should correct that: it is something on which we may need to provide some additional information. When you were talking about debt relief, I assumed you were talking about debt forgiveness. But obviously there has been assistance with rescheduling of debt through the Paris Club and that has included a proportion of Australian debt.

Senator SANDY MACDONALD—In your submission you said that there was about $120 million worth of ODA budgeted for 2003-04. When you spoke again to your submission today, you said that there have been two additional commitments: firstly, the Prime Minister's $10 million for the Bali hospital, which is understandable because it is about nuts and bolts, I expect, as much as anything else; and, secondly, $10 million for a security initiative. Has that $20 million been committed in addition to the ODA? Also, $10 million is quite a lot of money to spend on a security initiative if you are not building a hospital or a building. Where is the money going to be spent?

Mr Dawson—I might get Mr Davies to talk about the content of the counter-terrorism package. But, to clarify the finances, the total Australian government aid flows to Indonesia expected in the current financial year are just over $151 million. Two initiatives have been identified there. One certainly is a longer term initiative which would be expected to be implemented over a number of years and the same would be the case with the health initiative. There are a number of other areas, as I indicated, where we would expect increased assistance in the current financial year. One of them is assistance with basic education; another is assistance in the broad area of governance—both economic and financial management and legal reform—so the increased assistance overall to Indonesia is accounted for by a range of initiatives and increases in particular programs, not confined simply to those two initiatives. I will get Mr Davies to talk about the counter-terrorism assistance.

Mr Davies—I will say a bit about both those two initiatives. The amounts quoted are for the total value of the two initiatives. In the case of the Bali package most of the expenses will fall within 2003-04. We will probably spend in the order of $6 million to $7 million, particularly in relation to the Sanglah Hospital component of the Bali package. The other components will stretch over a longer period. The second component is the construction of the eye clinic and the third component is a scholarship and training program which will extend over five years in effect. The costs will be spread over a significant period of time but very much frontloaded in 2003-04.

On the counter-terrorism capacity building assistance program, again, that figure is spread over four years. It was announced as a $10 million, four-year initiative. On average it will run at $2.5 million per year, but in reality it will be somewhat variable from year to year. It has three major components: one is a program of capacity building for the Indonesian police force implemented by the Australian Federal Police. That will account for about $3.5 million of the

initiative. The AFP are also contributing resources from their law enforcement cooperation program. Our contribution is very much focused on the capacity building aspects, particularly in relation to the establishment of a transnational crime centre. The second component of the counter-terrorism package relates to combating the financing of terrorism and anti money-laundering activities. This component is implemented by the Australian Transaction Reports and Analysis Centre, AUSTRAC. That will extend over perhaps two to three years. We have a record of understanding with AUSTRAC under which they will provide technical assistance to their counterpart agency within the Indonesia government, the financial intelligence unit of Indonesia.

The third component is somewhat broader. It is a travel security program which will be implemented by several federal government agencies, DIMIA, DOTARS and Customs. That is necessarily moving more slowly because it requires the negotiation of proposals between those agencies and their Indonesia counterparts. Those negotiations have been going on and proposals will shortly be considered by AusAID and also by other interested government departments, particularly the PM and C and DFAT.

Senator SANDY MACDONALD—My other question revolves around the number of AusAID people in Indonesia, the number of programs that are being administered at any one time and the number of Australians within the NGOs who are partners in those programs—just a ballpark figure, please. Perhaps you could comment generally on how widely these Australians are distributed throughout the archipelago.

Mr Davies—In terms of the number of AusAID staff we have eight officials based in the Australian embassy in Jakarta, who form the AusAID section. In addition we have a number of locally engaged personnel working specifically for AusAID within the embassy—there must be 20-odd locally engaged staff.

As to the number of programs we have at any one time, that really depends where you draw the line in terms of program size. I think an inclusive estimate would be in the order of 50 to 60, but if you are looking at really significant long-term programs it is perhaps more like a dozen. Numbers of Australians working with NGOs: I have to distinguish between NGOs that we are directly funding and those who are there under their own steam, so to speak.

Senator SANDY MACDONALD—That we are directly funding?

Mr Davies—Yes, but the ones we know most about are the volunteer-sending agencies, particularly Australian Volunteers International. Normally there would be between 20 and 30 volunteers in Indonesia, supported by Australian Volunteers International. Sometimes they might be working directly in association with our projects and programs. At other times they will be simply placed with Indonesian government ministries, NGOs or community organisations. Beyond that, we do not have a great deal of direct support through our program for the activities of Australian NGOs in Indonesia. We work primarily through Indonesian NGOs, who may have partnerships with Australian NGOs. I do not have a good handle on the numbers beyond that.

In terms of dispersion, our activities are primarily concentrated either in Jakarta or in eastern Indonesia. We do not have people in the sensitive, conflict-affected areas of Aceh, Maluku and Papua, so primarily it would be in the provinces of NTT, NTB, south Sulawasi, south-east Sulawesi, east Java and, as I say, a great deal of activity concentrated in Jakarta.

Senator SANDY MACDONALD—One final question: do all the aid based AusAID people live in Jakarta?

Mr Davies—Yes, they live in Jakarta. They are based at the embassy in Jakarta. They will spend a certain amount of time in other centres, particularly Bali over the last year, but primarily they are working in Jakarta.

Senator BOLKUS—Going back to the debt issue, your submission I think quite realistically reflects the growing economic problems in Indonesia. On page 7 you recognise that the increasing debt burden is quite critical to stability or otherwise in the country. Are there any further discussions going on about restructuring repayments? You are talking about lower growth than expected post-Bali and about increased poverty and unemployment. Given that the tax base is going to be very hard to expand, that looming debt burden is something that is going to hang over them. Are there further discussions or are the discussions closed for the moment?

Mr Dawson—I think there are a number of issues associated with that. Clearly there have been discussions in the Paris Club context about rescheduling on a regular basis. The decisions in regard to Indonesia's future relationship with the IMF will themselves, I am sure, create the need for additional discussions about debt repayment and the scheduling of that. I should note as well that there are significant issues associated with Indonesian domestic debt and the scale and the make-up of that. One of the significant activities that Australia has supported has been work with the Centre for Government Bond Management on domestic debt management, including arrangements particularly for extending the period of much of current Indonesian domestic debt—to get a rescheduling, in effect, covering that large part of domestic debt.

Senator BOLKUS—You may want to take the first part of this question on notice. You describe our contribution as modest in relative terms. Can you give us a chart of who the other major donors are, also World Bank, IMF involvement and so on, and to what extent do others embrace the concept of microcredits in their contributions to Indonesia, and to what extent also are there aid moneys tied? I do not know how much of that you can answer at this stage but you might be able to answer the microcredit part.

Mr Davies—I can probably tackle the question regarding other donor assistance now and, if necessary, follow up with some information and then say what I can on the other two points. At this stage Australia's assistance is equivalent to I think about 1.6 per cent of total donor assistance to Indonesia, so in that sense it is a modest program, even though large in our terms. We are the fourth ranked donor to Indonesia. The highest ranked donors are Japan by a large margin, some $US860 million annually; the United States, $US141 million; the Netherlands, $US119 million; and Australia, $US60 million in 2001, the last year for which there are comparable data. We are a significant donor in terms of grant assistance to Indonesia but a long way down the ladder relative to the top couple. Of course there is a high level of concessional lending to Indonesia. I do not have the figures with me for World Bank and Asian Development Bank assistance to Indonesia but I can provide those to the committee if you wish.

Your second question on microcredit I do not feel well placed to respond to here. I would certainly be happy to seek some information on that point. It is not an area where we are heavily involved ourselves. Finally, on the degree of tying of aid to Indonesia, to clarify, are you referring to the tying of procurement or—

Senator BOLKUS—Yes.

Mr Davies—I think the treatment of Indonesia is no different from the treatment of other countries. It depends on the procurement policy of the donor in question. Japan, for example, has a policy of untying its concessional loans. A number of European donors have untied aspects of their program to varying degrees but Indonesia is not a least developed country and it is the least developed country grouping which has primarily benefited from untying policies around the world.

Senator BOLKUS—Would you like to take that on notice and come back to us with the proportion that is tied. The other question I have is in respect of page 19. You talk about the need to address the issue of terrorism by some of the mainstream programs and you mention education and you talk about refocusing the education assistance. I wonder what you mean by that in real terms, and also whether other ongoing programs are going to be also refocused in the context of the terrorism threat, and which ones they are.

Mr Dawson—I might get Ms Sudradjat to talk in more detail about our proposed assistance in the education area but I will say by way of introduction that I think the Indonesian government authorities themselves have recognised that there are significant gaps in their management, particularly of the Islamic education system, that they are interested in assistance for better monitoring and better implementation of secular education, and that overall, particularly with the move to decentralisation, that responsibilities for some of the aspects of education planning, education funding, have been significantly disrupted, and in this context we are looking to work with a number of other donors, both on improving quality and access in the mainstream government-run system, but also in the Islamic system.

Mrs Sudradjat—I will add to that very briefly: specifically the World Bank is leading an education sector review that we are contributing to, which we expect will recommend a framework for systemic reforms of the basic education system in Indonesia. Simultaneously the Asian Development Bank is undertaking a study of the madrasa or the Islamic education system in Indonesia. Also contributing to that, we expect that that will recommend significant improvements in the equality of the secular education in those Islamic schools.

Senator PAYNE—In the submission it says, 'I assume the World Bank coordinated review is due to report in June 2003.' Has that happened? Has the time frame for reporting been extended?

Mr Davies—It has been extended I think to the end of September.

Senator PAYNE—In the submission and in much of this inquiry there is an emphasis on the importance of good governance and stronger democratic institutions across Indonesian society basically. Your submission on page 21 under the heading of 'Future Directions' places great emphasis on that by reference to a number of issues, but in the context of the decentralisation process currently occurring in Indonesia and the capacity and inclination of local governments to work under what we would describe as processes of good governance, what are the limitations on what Australia can do to assist in that process as government decentralises? To what depth can we get our support in good governance programs to address the most basic community level, which is where the decentralisation is taking things?

Mr Davies—A few comments in response to that: in terms of what the major constraints on us are, it is essentially resources. The locus of decentralisation in Indonesia is the district and there are a great many districts, even within the eight target provinces that we have identified for the strategy from 2003. I think, sensibly, we will need to be focusing our efforts on a selection of district governments and, at the same time, working with relevant agencies at the centre, in particular the Ministry of Home Affairs, so that we are providing capacity building on the ground but also working on minimum standards and monitoring arrangements at the centre. That is the direction we are working toward.

Senator PAYNE—How will we evaluate that to see what beneficial effect we are having as the decentralisation process continues and as we become more involved with that district level?

Mr Davies—I think we can work with processes that are being established by the government itself, and to some extent the rest of the donor community to undertake comparative analyses of the performance of individual districts. Already I think there is a clear understanding that some districts are coping much better than others with the decentralisation process, performing better in terms of service delivery, transparency and just general government effectiveness. It is in part about ensuring transparency and appropriate information flows across the country for the benefit of the government and all donors, as well as having a particular focus on the performance of the districts where we are operating.

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

Proceedings suspended from 12.37 p.m. to 2.02 p.m.

FLOOD, Mr Philip James, Chairman, Australia-Indonesia Institute

RICHARDSON, Mr William George, Director, Australia-Indonesia Institute

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 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 before we proceed to questions.

Mr Flood—The Australia-Indonesia Institute has a broad mandate to promote a greater understanding of Australia in Indonesia and a greater understanding of Indonesia in Australia and the enlargement of areas of exchange between our peoples. The board has chosen to focus particularly on young people, on the media, on the arts and on Islamic issues. Many members will know of the Young Leaders Dialogue organised in each of the last two years, where we brought together a distinguished group of about 30 young Australians and young Indonesians, who are community leaders now or will be in the future. From the parliament, in alphabetical order, John Cherry, Greg Hunt, Senator Marise Payne—who is here today—Nicola Roxon and Bernie Ripoll have participated, along with others from business, the media, the military, non-government organisations and academia. The dialogue explored what young leaders saw as the opportunities for our two countries to cooperate for mutual advantage.

We have worked hard to strengthen Ikama, the Indonesian organisation for alumni of Australian universities and colleges. Ikama plays an important role in maintaining contact with the tens of thousands of Indonesians who have studied here. We have also sponsored an annual Australia-Indonesia youth exchange program. In the media, we have encouraged young Indonesian journalists to come to Australia, either on placement with an Australian media organisation or for short-term training. Similarly, we have encouraged Australian journalists to have short-term assignments in Indonesia. Every second year we have brought a group of senior Indonesian senior editors to Australia and taken a group of senior editors to Indonesia.

The most recent initiative of the institute, which we decided to embark on just before 11 September 2001, was to introduce a Muslim exchange program. We were concerned that the main Muslim organisations in Indonesia—that is, Nadhlatul Ulama, which has a membership of over 40 million, and Muhammadiyah, which has a membership of over 30 million—did not have any great understanding of Australia. Misperceptions and misunderstandings in these organisations could be very damaging to Australia's interests. We felt that they needed to appreciate that there is a significant Muslim population in Australia, that mosques have existed here for over 150 years and that Muslims, like Christians, Jews, Buddhists—and, indeed, any denomination—are free to practise their religion, provided they adhere to the law.

We also seek to convince Muslim leaders that Australia has no hostile intentions towards Indonesia and that, while being resolutely opposed to terrorism, we are not opposed to Islam. Our initial objective was to focus on young Muslim leaders, but no sooner had the program begun than the leadership expressed interest. The institute has been pleased to host in the past

year, among others, Sheik Hasyim Muzadi, who is the general chairman—that is, the head—of Nadhlatul Ulama and Nurcholish Majid, a prominent Islamic scholar, a member of the Commission on Human Rights and now a candidate for the presidency of Indonesia. Later this month we will host Professor Ma 'Arif, who is the president of Muhammadiyah, the second major organisation. We have also hosted Cardinal Darmaatmadja, head of the Catholic Church in Indonesia, and Professor Yewangoe, head of the Protestant Churches. I will leave for questions our work on cultural projects and the teaching of Australian studies.

The parliament is entitled to ask what the institute has achieved in 14 years. The area of exchanges has certainly been enlarged, but what about understanding? Understanding of Australia in Indonesia and of Indonesia in Australia is going to be influenced by a lot more than programs organised by the institute. Tourism, the large number of students coming here, Indonesia's progress in building an effective democracy, progress in reducing the scale of corruption, steps to build an independent judiciary, changes in the role of the military, terrorism, the role of moderate Islam, what happens in Aceh and West Papua and the success of Australian trade and investment will all be important.

Allowing for these factors, is there more understanding of Australia in Indonesia now? From my experience, which goes back 15 years to just before the institute began, I would give a qualified yes to that question. It is certainly apparent in the improved Indonesian media coverage of events in Australia. I would give a similar answer to the question of understanding of Indonesia in Australia. Public knowledge and understanding are not high and there are major reasons why they will never be very high, but my experience is that public understanding and knowledge are certainly higher than 15 years ago.

The outcome in East Timor has enabled Australians to focus more broadly on Indonesia. The outrageous Bali bombings had the potential to turn this into deep hostility to Indonesia, but sensitive handling on both sides has led to this tragic event resulting in increased cooperation. However, Indonesia cannot be complacent. More terrorism originating in Indonesia would have devastating consequences for the attitudes of many countries, including Australia. More generally, there is a broader coverage of Indonesia in our media. This has been helped by some very talented media commentators, who have lifted the level of public debate about Indonesia, and it has also been helped by the institute's programs.

CHAIR—Could we extend that, in light of your background? What are the most significant changes that you have seen in the relationship over the last decade? In reality, how would you see the state of the relationship between Australia and Indonesia now?

Mr Flood—On the first question, I was sent there by the previous government. I was sent there by Mr Hayden and Senator Evans. There was a lot of concern at the time about the insubstantial nature of the relationship with Australia. There was a lot of concern that there was a lot of legitimate focus on East Timor in Australia, but that it had become a sort of single dimension issue. I think the previous government set about to build a more substantive relationship, to put more ballast in to the relationship, to build up political exchanges, to build up scientific exchanges and there was also a lot of work done to build up military exchanges. I think a lot more substance has been put in to the relationship.

Broadly speaking, that has been continued by the present government. Unquestionably, it is a much more diverse, more varied and more substantive relationship than existed 15 years ago. As to the shape of the present relationship, there are others who are better qualified than I to comment on it. I have been agreeably surprised at how we and Indonesia have got through the events of 12 October. I think it has been particularly well handled on both sides. I have been agreeably surprised by how strong the government of President Megawati has been in dealing with this event. I did not expect that. I thought there would be a lot of waffling, a lot of prevarication, a lot of concern about Western countries purporting to tell Indonesia how to handle this matter. I have been agreeably surprised at how they have handled it.

In a way, the event was really an attack on Indonesia as much as it was an attack on foreigners. It was a very serious attack on the legitimacy of government in Indonesia. It was effectively a very serious attack on President Megawati's presidency. They have stood up to that in a much better way than I thought they would be able to. That has certainly had an impact on the nature of the relationship here. The Australian public has been able to see that Indonesian authorities were very shocked by that event. They took it very seriously. They set up a trial, probably in a way that is quicker than what happens in Australia. I think they will come to verdicts quicker than would take place under our system of justice. There seems to be a determination to get the bottom of this and deal with the culprits. Within the last 12 months that has been the dominating factor in the relationship and it has gone much better than I thought it would.

It would have been inconceivable, when I was there in 1989, for Australian Federal Police to be investigating a matter in Bali. It just would not have happened. This would have been considered an affront to Indonesia's sovereignty. It is a remarkable achievement to get that agreement for Australian police to cooperate in investigating what happened in Bali. The Australian Federal Police have performed magnificently, with great sensitivity and great skill. Clearly Indonesians who are close to those events accept that our police have played a major role. I was in Indonesia about three months ago. I was in Bali and authorities there were full of praise for the meticulous work our police did. I am telling you matters I am sure you know as well as I do, but that has had a big impact on the relationship, which could have taken a very serious dive after that dastardly attack on 200 people, including 90 Australians.

CHAIR—In the scheme of things and in relationships with other countries, how important is Australia to Indonesia?

Mr Flood—I think the elites in Indonesia accept that we are an important and significant country. There is a lot of envy among elites in Indonesia about Australia. We are a very successful country and we have a successful political system. Whatever you think about it, we have a remarkably successful legal system. We have a very high standard system of education and a very high standard of medicine. I think many Indonesians who come here feel a sense of envy about Australia. It leads to some people having a chip on their shoulder and so they will cheerfully have a go at us. But I think among many people there is a lot of respect for the fact that this is a remarkable country and they can learn a lot from Australia.

We have a situation now whereby something like 17,000 Indonesians are studying here—and there must have been others who have appeared before your committee who know more about it than I do—and so something like 35 per cent of all the Indonesian students who go overseas

come to Australia. We have been in a head-to-head competition with the Americans, particularly for the last 15 years, and we have knocked them off. They do not like it, but we have the lion's share of the students. More are coming here than are going to America. Unquestionably a lot of the elite students are going to the United States but the volume coming here is much greater. That is appreciated at an elite level in Indonesia.

There is a sense in which both countries have common security concerns and I think people in Indonesia appreciate that. Indonesia is not a threat to Australia. It has no interest in constituting a threat to Australia. More than that, it has no capability of constituting a threat to Australia. I think that is increasingly appreciated by the Australian public. Insofar as we have common security threats—and they might be from other and larger countries in the region—we have common interests. We have very common interests against terrorism, and I think that is appreciated.

Trade for both countries is significant but it is not the top order. Indonesia must be something like a 10th-order market for us. Two-way trade must be worth about $7 billion. It is important but it is not the top of the tree. Similarly, we are not one of their top three trading partners but we are still a useful and significant market. The elites in Indonesia accept that we are important to them, that this is an important country, but it is tinged with elements of envy. They do find us sometimes a bit paternalistic and we find the Javanese, frankly, sometimes to be rather proud people and rather inconsiderate of Australia's strengths.

Mr EDWARDS—You made the point that it is important for Australia to demonstrate that we are opposed to terrorism but that we are not opposed to Islam. Are we doing enough to make that clear in Indonesia? Is it clearly understood in Indonesia generally that Australia has that attitude?

Mr Flood—A lot is being done by various arms of government to make clear that Australian policy is one of opposition to terrorism, not opposition to Indonesia and not opposition to Islam. I do not think we are doing enough. I explained to the foreign minister that this Islamic exchange program we have started really needs to be run on a much larger scale. It has been implemented for only about 12 months. In addition to those leaders I mentioned, we have brought about a dozen other Muslim leaders here. We started saying, 'Let's try to get the next generation,' which has been a guiding view in much of what the institute has done. So let's try to pick up the people who are about 30, who are likely to be leaders of the Islamic community in 10 or 15 years time. That was our initial objective.

We delegated this project to Melbourne University and the ANU, to Professor Rikleffs and Professor Virginia Hooker. They enlisted the Islamic Council of Victoria to help with programming here. Bringing 12 people here is a drop in the bucket. I would like to see us bring in 100 or 200 young Islamic leaders. I have put that view to the foreign minister. I have said that we are constrained by our budget. The budget of the institute has been reduced from $1 million to about $780,000 in this financial year. In real terms the reduction has been even greater. He has encouraged me to try to develop a project with AusAID and so, with Professor Hooker, I am working with AusAID to see if we can develop some sort of project for consideration later in the year. So, in terms of influencing Indonesia Muslims, the short answer to your question is that I do not think we are doing nearly enough.

There are problems of explaining this situation to the Australian public. We recently commissioned Roy Morgan Research to do a normal sort of telephone survey—the kind of thing that is done by Newspoll and ANOP. This was done in June. We will release the results of this survey publicly, I hope, within the next few weeks. We commissioned Roy Morgan Research to ask a series of questions of people asking if they knew which religion is followed by most Indonesians. We got about 65 per cent who could acknowledge that Islam was the major religion in Indonesia. Most people I talk to think it is pretty good that two out of three Australians can tell you that Islam is the major religion in Indonesia.

We also asked the question: is Islam in Indonesia different to Islam in the Middle East? Morgans told those people who did not come up with the correct answer, that the correct answer was Islam. They then asked: do you think Islam in Indonesia is slightly different to that in the Middle East, very different to that in the Middle East, or not different at all? The outcome of that poll was that 16 per cent of those surveyed answered that Islam in Indonesia is very different to that practised in the Middle East and 38 per cent answered that it was slightly different. Personally I think that is not a bad outcome—54 per cent of Australians in a survey acknowledged that Islam in Indonesia is different to Islam in Saudi Arabia, Pakistan, Iran.

There were also further questions: is Islam a threat to Australia? Does it pose a minor threat? Does it pose no threat at all? Does it pose a major threat? The answer we got was that 15 per cent of Australians thought Islam posed a major threat; 41 per cent thought Islam posed a minor threat; 36 per cent felt it posed no threat at all. Among the 11 members of the board, we thought it was a pretty good outcome that only 15 per cent of Australians thought that Islam posed a major threat. We were expecting to get a higher number. We did not ask whether Indonesia was a threat; we asked whether Islam was a threat. The numbers were highest for New South Wales and Western Australia: New South Wales was 18 per cent, the West was 18 per cent. Other states were much lower: Victoria was 12 per cent; Queensland was 12 per cent; South Australia 11 per cent. Sydney was the highest, with 18 per cent of people seeing Islam as a major threat to Australia. In Melbourne it was 13 per cent; in Brisbane 15 per cent; in Adelaide 11 per cent.

The last question we asked was about public attitudes to women wearing head scarves. People were asked to make a choice between the following: 'It doesn't bother me when Muslim women wear head scarves'; or 'I think it's inappropriate for Muslim women to wear head scarves'; or 'I don't think Muslim women should be allowed to wear head scarves.' The answers to that, I think, showed a lot of tolerance among Australians: only four per cent of respondents said the women should not be allowed to wear head scarves; 13 per cent said it was inappropriate and 81 per cent said it did not bother them.

Again, Sydney stuck out like a sore thumb. If you added the four and 13 numbers, one in four people in Sydney were opposed to head scarves. Maybe this is a function that the Bali bombing affected more people in Sydney than other capitals and there has been a series of incidents in Sydney, but on the whole we, as a board, felt those numbers were quite encouraging. But I suspect there is a lot more work to do to explain to Australians the moderate nature of Islam in Indonesia. But, given that it is just after the Bali bombing and when the trial is taking place, now is not exactly the most propitious time to be trying to tell Australians that Islam in Indonesia is moderate.

Mr BRERETON—I think you answered with a qualified yes your own rhetorical question of whether there is more understanding in Australia of Indonesia now than there was several years ago. How would you rate regard for Australia, now as then, given your long experience and your role with the Australia-Indonesia Institute today? Secondly, setting aside the excellent work being done by the Australian Federal Police and the high-quality diplomacy involved in that, who would you see as our new substantial friends emerging in Indonesia with a commitment to build the bilateral relationship?

Mr Flood—The last question really involves an issue of to what extent there has been a change in the political establishment in Indonesia. I think we are coming up to a period when there is going to be a significant change in the political establishment. But what has happened so far, in the five years since the end of the Suharto rule, is frankly not very much. The main players now in Indonesian politics are still many of those figures from the Suharto era. It is many of the minor players of that era who have come forward. I suspect we are reaching a time—not in next year's election but in the 2009 elections when we will have a whole new political establishment in Indonesia.

I think the Suharto era made it very hard for normal political life to take place, for normal politicians to emerge. It was a special sort of person who emerged out of that Suharto era. Some of those people are still around. Frankly, I think much of the present Indonesian political elite is pretty disappointing. I suspect it will be very interesting to see what happens in the next five years. I would prefer not to get into naming who, among the elite, are our good friends or our lesser friends. That would embarrass them and it would not be very helpful. But, unquestionably, there has been a lot of work done to try to build relationships with members of the present elite in Indonesia and the emerging elite.

As to whether we are better regarded now than we were 10 or 15 years ago, that is a very difficult question. You have to take account of some of the changes in Indonesia. One of the changes is that the media in Indonesia now is much better. It is not that same repressive, authoritarian media which existed in the 1980s. Even in the last years of Suharto's rule, the Indonesian media was pretty courageous. But now you have a much better media and you are more likely to get some better coverage of Australia than the kind of coverage that was laid down by a government in Jakarta.

Fifteen years ago the newspaper editors were much more likely to take account of directions from the government as to what should be the line to take towards Australia. It is much more open and more flexible now. Many more students have come to Australia. When I first went to Indonesia in 1989, 2,000 students came to Australia. When I left, the number was about 7,000. It was a major goal to increase the number of students, which has gone up much more since and is now 17,000, so there is a much bigger number of young Indonesians who have had a favourable experience in Australia.

You are more likely to have Australian films shown in Jakarta now than then. We run a film festival every couple of years. Also that society has changed so much because of what has happened with the Internet and the use of English on the Internet. There are a lot of reasons why there would be more respect and appreciation for Australia, but unquestionably there are some people in Indonesia who are disappointed that Australia is not putting more effort into Indonesia.

There are some people who are unquestionably disappointed at the direction of Australian policy—and I would not deny that—but it is a very complicated picture to generalise about.

Senator SANDY MACDONALD—Mr Flood, might it be an idea to perhaps market research that swag of students—or a slab of them—at some stage to see what their view of Australia was after they had completed their education?

Mr Flood—Yes, I favour that idea. Before I was chairman, the board had the notion of doing that, but we did not go ahead. There was a lot of suspicion in Indonesia that we were interfering and seeking to use these students to advance Australian objectives. At the time, there was a lot of advice that it was not a good idea to run surveys among returned graduates. I would quite like to have another go at it.

There are many more graduates now, and we have put a lot of effort into Ikama. I think we serve a vital national interest by having a good organisation for returned graduates and that it is a good investment of public money to help support Ikama. Individual universities also cultivate their graduates. New South Wales, Monash and Curtin—a variety of universities—have links with their former graduates, but I think the link with Ikama is very valuable and it is worth strengthening. I am happy to take on notice the question of having a survey among former students about what they think of Australia, but it is just that. They are former students. They are not necessarily people who are in positions of influence.

Senator SANDY MACDONALD—Following on from Mr Jull's question as to how important to Indonesia the relationship with Australia is—and I enjoyed your response—I would like to ask it again. When the Indonesian government sits down in its foreign ministry in Jakarta, how important on their radar screen is it that the relationship with us be in good repair? I do not have any idea. Presumably, the United States is the most important. The relationship that they have with other near neighbours, like Singapore and Malaysia, must be important to them. On the radar screen, how important are we, noting that they have not had an ambassador here for quite some time?

Mr BRERETON—How long is it now?

Mr Flood—It is 12 months. As I understand it, it involves a dispute between the foreign minister and the parliament as to what the parliament's prerogatives are in nominating an ambassador. I think it is a very sad state of affairs and a very sad reflection on Indonesia that there has been a period of 12 months without an ambassador here. The man who has been here as charge d'affaires, Imron Cotan, is enormously competent, has done a very good job and has made a lot of friends, but it is not the same as having an ambassador.

In part, the rules of the game changed. The parliament wanted to have powers similar to that of the United States Congress in approving and appointing ambassadors. My understanding is that there has been a dispute between the foreign minister and the parliamentary foreign affairs committee about ambassadorial appointments and about who should be appointed, and it is a very regrettable situation.

You may find this strange coming from me, but I do not think the views of the foreign ministry in Jakarta are nearly as important as the views of the newly elected members of the

parliament. The parliament that was elected in Indonesia 1999 is a new and a different parliament. It has brought in new and different people, and the views of a substantial section of the parliament and the views of the key ministers are, frankly, a lot more important than the views of the foreign ministry.

Senator SANDY MACDONALD—Would you hazard a guess and list their priorities?

Mr Flood—You would have to ask them.

Senator SANDY MACDONALD—You made some comments about the development of the political leadership—the types of people who may achieve political leadership over the next few years and how important it will be at the next election, not this election. In terms of developing strong economies, you need a liberal press and an uncorrupted judiciary—and I do not ask you about those, although you did say something about the media—but you also need a strong party system. When I was an observer at the 1999 election, I think there were 47-odd parties there and it seemed to me that it was very much about personalities. Would you like to make a comment about whether the party system will develop? I consider it an essential element of a strong democratic process.

Mr Flood—One of the good things about Indonesia at the moment is that there is clearly a commitment to the democratic process. The elections in 2004 will take place, and they will take place on schedule. Political parties in Indonesia are acting like political parties, which was not the situation in 1998. There has been a big transformation in the political situation in Indonesia, and I think that is rather encouraging. They have proceeded with very substantial changes to their constitution in a remarkably short period of time. It is a big contrast with how long it takes us to make changes to the Constitution.

There are changes towards a directly elected president and directly elected vice-president. They have changed the Peoples Consultative Assembly—the upper house—and have introduced arrangements for a stronger regional system of government. It is really quite a dramatic change in five years, but I think friends of Indonesia would like to see much more. We would like to see a strong leadership attacking issues like the judiciary and attacking more robustly issues of corruption and of the role of the military.

There have been significant changes in the role of the military. The police have been separated from the military. I think good friends of Indonesia would like to see a lot more. The military still gets too much of its income from its own business activities. It gets, on average, only about one-third of its money from the central government. I would like to see quite systemic changes in the military, but obviously that is a matter for Indonesians.

Senator SANDY MACDONALD—You said in your opening statement and in your submission, I think, that the budget of the institute had been reduced. How many other similar bilateral organisations like the institute do we have? I understand we have one with Japan and India and maybe others as well—I am not quite sure. Is your understanding that their budgets have also been cut?

Mr Flood—My understanding is that the sum of money for grants to these bilateral institutions has remained basically steady in actual money terms—it has not increased in real

terms in recent years. There have been some new bodies set up which are obviously worth while: a new body set up for Latin America, a new body set up for Arab countries. To finance the new bodies, some money has been taken away from existing bodies. It is a shame, frankly, because it is a very small sum of money that finances these institutes. It is regrettable that the budgets are being reduced.

Senator PAYNE—Many of us would agree with your observations that for relatively small amounts of money institutes such as yours do extremely effective work. Where you make reference in the submission to 'joint funding', what organisations or joint partners do you pursue that with?

Mr Flood—The board of the institute, in considering applications, has been very partial to proposals that come forward where people are prepared to put up some of their own money, such as some of the arts proposals that are put forward and some of the proposals for Australian studies. We have had Indonesian universities prepared to put up some of their own money to fund Australian studies. We will provide top-up money. In the case of arts proposals, Asia Link is a very good organisation run out of Melbourne. Asia Link has been prepared to put up money for cultural projects. We have done activities jointly with Asia Link. We have done some activities jointly with the Centre for Democratic Institutions. We have recently done a program in Perth, training Indonesian journalists.

Senator PAYNE—We heard from Mr Rich this morning on the broad scope of his work, not necessarily in association with the institute.

Mr Flood—We are currently discussing with Rotary whether we might get some funding for our student exchange program but I understand there might be some difficulties because Rotary has their own program. However, because of the squeeze on our budget, I have been approaching Rotary.

Senator PAYNE—I understand that. There is some emphasis in your submission and in some of the discussion today on the need for an awareness, at the social and religious level, of differences and comparisons between Muslim Indonesia and Australia. From my experience as a participant in both of the Young Leaders dialogues, bearing in mind they ran under Chatham House rules, I can say that a lot was gained between dialogues by the simple first exchange—enough time to ponder the implications of the importance of understanding Indonesian Islam in Australia, in particular—to the second dialogue. Whilst they are relatively brief, they do enable participants to form very valuable working relationships and a far greater understanding than we would otherwise have of the importance that both sides place on very different issues. That is more an observation than something on which I expect you to make a comment, but you may wish to respond.

Mr Flood—I am delighted to hear that response. We have had a very happy association with the Asia-Australia Institute of the University of New South Wales. They have put some of their own money into this dialogue, as has the Habibie Institute in Jakarta. In the light of the feedback we have had, I am keen to do it again but perhaps next time with a rather new group of people. It has been extremely useful to bring in a range of members from the parliament and I think it would be useful to expose another group of members.

Senator PAYNE—Absolutely—I could not agree more. What we have tried to do is use some of the benefits of technology to keep the communication ongoing in a far less expensive way than face to face around the table. Through the Habibie Centre some online discussions and chat groups have been set up. They flow from the last dialogue in May. That is a very valuable initiative which will not impact on the institute's budget whatsoever.

CHAIR—We are running well over time. There being no further questions, I thank you both very much indeed for your attendance here today. If there are any matters on which we might need additional information, the secretary will write to you. 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.

[2.50 p.m.]

CORE, Mr Peter Thomas, Director, Australian Centre for International Agricultural Research

FERRAR, Dr Paul, Research Program Manager, Crop Protection, Australian Centre for International Agricultural Research

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 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 in the House itself. I invite you to make a short opening statement, if you wish, before we proceed with questions.

Mr Core—On 21 July last year, the centre submitted a written submission to you. I do not want to go through that submission in any detail. We will take it as a submission that has been put to you and your committee. In the context of the terms of reference for your committee's inquiry, which is examining the current nature of the relationship between Australia and Indonesia and the opportunities for mutual development, we felt it was relevant for the Australian Centre for International Agricultural Research to, firstly, put in a short submission and, secondly, to take the opportunity to amplify the modus operandi of our work, our particular focus and the role of Indonesia in the totality of the centre's program. With your agreement, Chairman, I will spend a couple of minutes sketching the role of the centre and where Indonesia sits in that centre.

ACIAR, the Australian Centre for International Agricultural Research, is a statutory body inside the Foreign Affairs portfolio. It reports to the Minister for Foreign Affairs. It is an integral part of our overseas aid relationship. As such, we have a very close relationship with AusAID and, while not necessarily following each and every footstep of AusAID, we definitely work in partnership and to the same goals and directions as AusAID does within the Foreign Affairs portfolio.

ACIAR was set up close to 20 years ago and, in essence, it is a funding agency. It gets around $50 million per year in the budget appropriations. Those funds are essentially allocated for us to stimulate mutual partnerships between the Australian research fraternity and institutions, with counterpart agencies in our mandate countries—although that is not quite the right term. Our countries are fundamentally in the Asia-Pacific region—around 20 of them—with a very light presence in southern Africa and South Africa, in particular. Our funds are essentially directed to the funding of agricultural research projects between premier agricultural research institutions here in Australia and counterpart agencies in the partner overseas country, where we in Australia can provide expertise, a comparative advantage, an excellence that can work in partnership with other countries towards the goals of agricultural development and rural development.

Fundamentally, if you look through the Asia-Pacific region, there are a number of countries with low GDP per capita incomes and predominantly those low per capita incomes are centred in

the rural areas. In those rural areas the predominant industry is agriculture, and our focus is trying to lift agricultural incomes as a means towards rural development in those countries and for greater prosperity.

In the investment of those funds we do not shy away for one moment from the mutuality of benefit streams, and there are very significant benefits that flow to Australia in a very direct way from the investments that are in place. I will come to those in a second with respect to Indonesia. Of the $50 million per year portfolio that goes into the ACIAR program, that funds over time around 200 active bilateral projects and around 30 to 40 active multilateral projects—and we will get to the detail later if you wish. Of those 200 bilateral projects, around 40 of them are with Indonesia. Indonesia is the largest bilateral partner for Australia. Our other priority areas are in particular Papua New Guinea and the Pacific et cetera.

I make those comments by way of introduction. A minute ago I touched on the issues of mutuality. Australia does get significant benefits, not only from the opportunities for raising agricultural productivity and agricultural incomes in partner countries and in Australia as you get feedback loops to Australian agriculture but we also have an active program in crop protection and animal health that relates to the quarantine arena. My colleague Dr Paul Ferrar has been very closely identified with the crop protection program. We have an active program of research underpinning the joint management of common fishery stocks, by way of example, and those are two areas in which there have been some strong backflow benefits to Australia in a direct sense from the investments that ACIAR, on behalf of the Australian government, has put in place. I am happy to respond to questions from you or from members of your committee.

CHAIR—Going back over the history with Indonesia, what have been the most significant factors that have helped build that relationship? Have you had any downsides to it and, for example, what was the effect of the Bali bombing on the relationship, if any?

Mr Core—Before going to the specifics, I am going to ask my colleague to also intervene here because he is a practitioner in the field. We have very close relationships between our agency and counterpart agencies in Indonesia, covering agriculture, fisheries and forestry. They are warm, in-depth relationships with our counterpart agencies, and that warmth in the relationship comes in at the project level as well because, for each and every one of those projects, there are project leaders in Australia who travel to Indonesia, and vice versa, more than several times during the course of a project, which might run for three or four years. There is a very strong fraternity of friendship and common interests in our particular niche of the relationship.

CHAIR—But is that only because you talk the talk?

Mr Core—You can put it in those terms, and you can put it in the terms that we are the funding agency. You can say that, and it would be correct to say that—

CHAIR—But there has to be more in it than that, hasn't there? There must be—

Mr Core—Our relationships with Indonesia are more than talking the talk and money. All I can say is that they are very warm and very deep. What catalyses beyond that I could ask my colleague to comment on. You made reference, Chairman, in your question to the Bali bombing

et cetera, and it is true that the nature of the partnership does require us to be in and out, both ways, of that country reasonably continuously. The travel advisories and the security warnings and the security issues that the agency has addressed over the last 12 months have been difficult. They are relaxing now, and during the intervening period we have done a number of our meetings in Darwin, bringing our Indonesian partners down to Australia. We have worked around the travel restrictions that we have faced. It has been a difficult period but not one that has challenged us to any really significant degree, but we have managed our way around the particular issues.

Before we move off your question, perhaps I could ask my colleague Paul Ferrar, who has a much longer relationship with Indonesia, to amplify the nature of the relationship beyond the specificity of the agenda that we oversight and work with.

Dr Ferrar—I think the commonality comes very much from the commonality of agricultural problems between our countries. We are adjacent land masses and we have many of the same agricultural problems, and both groups of scientists realise that they share those problems.

I would also say that we have managed to develop very warm relationships with our Indonesian colleagues, more so than with many other countries and I have often wondered why that should be. I believe that it is because the Australians who have gone over have very much gone over with the attitude of taking people for what they are. Many other countries come in and make out that perhaps they are superior in some way, whereas I think Australians just go and accept people for what they are. This has been very much appreciated by the Indonesians, who have reciprocated and some very good personal relationships have developed.

I have been watching, since the Bali bombing, for signs that that has been changing. I am happy to say that I have seen no sign that any of those personal relationships have changed. The Australian scientists have not been able to travel so much over to Indonesia. The collaborators in universities that we fund or state departments of agriculture have not, for reasons of insurance, been able to travel and so the actual face-to-face meetings have not taken place, but because of email contact particularly these days, the personal contact has remained and I think the relationships are still intact. As long as we can start travelling soon—something which is just beginning now—I think they should be maintained.

Mr BRERETON—I wanted to ask about the budgetary expenditure by the centre on Indonesia. The figures from your own report would suggest there has been a substantial reduction in the Australian effort in the Indonesian theatre; down from $4.634 million in 2001, each year reduced and now down to $3.837 million and projected, next year, at $3.9 million. The way I figure it, $3.9 million is probably at least a 20 per cent reduction in real terms of expenditure by the centre in Indonesia over this period. I wonder what this has meant for you in operational terms, as far as the scope of the activities that you were undertaking and could undertake in the future, were funds available.

Mr Core—Let me respond to that by saying, in global terms for the centre, the roughly $50 million has been maintained in real terms over the last couple of years that I know of the figures. The issues, in global terms, have been maintained. While Indonesia is the largest single country recipient in the bilateral program—I cannot tell you for sure, but I am pretty sure that the year of reference point was 2001-02—$4.6 million was a peak year in terms of activity base.

There was a large effort made in that period to come from a reasonably low base to a higher base. But the program is now consolidating around something less than $4 million in bilateral funding.

It is important to also recognise that the investments that we have in Indonesia are also partnered by our support for a number of international research agencies, like international centres for rice and maize et cetera; there are about 14 of them around the globe. One, in particular, is in Indonesia in the Centre for International Forestry Research—CIFOR they call it. Those funds significantly focus on the forestry agenda in Indonesia as well. While it is true that our bilateral funding base is lower in 2003-04 than in 2001-02, I am not sure that reflects any real diminution in effort by us to have Indonesia as a priority; in fact, our No. 1 partner for ACIAR. The buoyancy of funds that flow from research projects would average around $600,000 in aggregate for a project. The project would be over three to four years. So when projects start can determine whether there is a couple of hundred thousand dollars in any one year going into a project. Those are issues that also need to be addressed, but from the centre's perspective we will not walk away from a strong, robust, bilateral program with a strong set of pipeline projects being developed which can work to the mutual benefit of our country and work in partnership with more of a development agenda for the AusAID funding area.

CHAIR—Thank you very much indeed for your attendance here today. If there are matters on which we might need additional information, the secretary will write to you. Once again, thank you very much indeed.

Mr Core—Thank you very much.

[3.09 p.m.]

BATES, Dr Stephen Edward, Policy Adviser, International Regional Unit, Department of the Environment and Heritage

BEECH, Mr Graeme, Assistant Director, Marine Protected Areas Section, Department of the Environment and Heritage

GLYDE, Mr Phillip, First Assistant Secretary, Policy Coordination and Environment Protection Division, Department of the Environment and Heritage

WEBB, Mr Richard James, Director, International Regional Unit, Department of the Environment and Heritage

SINGLETON-CAMBAGE, Dr Krista, Assistant Manager, National Oceans Office

TUCKER, Mr Mark, Acting Director, National Oceans Office

CHAIR—I welcome representatives of Environment Australia to our hearing. 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 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—if you would like—and then we can proceed to questions.

Mr Glyde—Thank you very much, Mr Chairman. Thank you also for the opportunity to put in a submission and to make a statement. We would like to keep the statement fairly short and really try to highlight some of the key points. We would like to make it clear as to why we are engaged in international bilateral relationships, particularly with Indonesia in this case, on environmental matters. Essentially the environment does not seem to respect our political boundaries terribly well and so what we find is that there are many environmental outcomes that occur in Australia which are affected by neighbouring countries.

We find that it is in our interests to help neighbouring countries protect shared species and ecosystems. We also try, as a portfolio, to influence global and regional environmental outcomes. By working with neighbouring countries and participating in international conventions and organisations, often this gives rise to helping our neighbours such as Indonesia. We also have an interest—together with other government departments—in pursuing broader national interests, including foreign relations and commercial interests, and we find that they are more easily facilitated if we have positive bilateral relationships. We try to structure our work around the region and internationally along those sorts of lines.

From an environmental perspective, Indonesia has an abundance of natural resources. Like Australia, it is one of the 17 megadiverse countries in the world which, between them, contain 60 to 70 per cent of the world's known species. Indonesia's marine, vertebrate, forest and plant

life rank particularly high in biodiversity significance. Indonesia probably has the highest marine diversity in the world, with 35 per cent of the world's fish species. The archipelago spans two major biogeographic regions—the Indo-Malaysian and the Australasian realms—and there are plants and animals that are derived from both.

We see Indonesia as a high priority for developing our bilateral relations. As I noted, we think that there is some mutual benefit in working together. In particular, whilst we have some obligations domestically and internationally, there has been some bilateral cooperation, mainly through the existence of funding external to our department. In this regard, AusAID's Australia-Indonesia Government Sector Linkages Program has been of real significance to our work. It has enabled us to get out on the ground and develop a fairly detailed officer level relationship with our counterparts in Indonesia—and we will probably go into that in a bit more detail later—and we hope that that will continue in the foreseeable future.

By way of an example, in terms of sharing ecosystems and species—moving away from environmental issues—a lot of the waters of the Timor Sea are traditional fishing areas for Indonesian fishermen. We have Australia's Ashmore Reef and Cartier Island Marine Reserves, and there is a potential market of substantial proportions for Australian environmental goods and services in Indonesia. Indonesia itself has been a significant player in global negotiations on environmental issues. We have adjoining exclusive economic zones, we share the resource management issues—particularly in the marine area—and we think that over time, as the relationship matures, there is considerable scope for improvement and getting some good outcomes on the environmental side.

Most of our engagements with Indonesia, as a portfolio, are with the Ministry of Marine Affairs and Fisheries. We also have engagement with the state Ministry of Environment, as you would expect, and the Directorate General of Forest Protection and Nature Conservation, which is also within the Ministry of Forestry. Our submission provided a list of our current projects and activities and our historical involvement, so I will not go into all of those.

I want to bring forward a few key issues from our perspective, in terms of our current relationship, that you may be interested in. One is the managing of impacts of fishing by traditional Indonesian fishermen. Under an agreement, they fish in Australian waters in the Timor Sea. It has been a difficult issue for us. The 1974 agreement created an area—and I do not know the origin of the term—which is called the MOU box, in which traditional Indonesian fishermen are allowed to fish in an unregulated manner. This has resulted in a serious decline in target species numbers, and we have been working with our Indonesian colleagues to try and address the declining biodiversity and the fact that if this continues the Indonesian fishermen will lose their livelihoods. There is also fairly extensive illegal fishing outside the box, so it really is one of those areas where we can get some win-win outcomes on both the environmental and social sides.

We have already mentioned the National Oceans Office. They are responsible for the development of regional marine plans in Australia's marine jurisdictions. That also means that they have interaction from time to time with neighbouring countries, such as Indonesia, in relation to the management of these shared resources. The NOO's engagement with Indonesia has primarily been through the Ministry of Marine Affairs and Fisheries and at the moment is centred primarily on the exchange of information in relation to marine management. For

example, the Oceans Office have hosted advisers to the Indonesian Minister for Marine Affairs and Fisheries as part of an AusAID-GSLP capacity-building project. The Oceans Office have also facilitated discussions between Indonesian advisers and key Australian policy and science agencies.

I will not go into any more detail about the examples of cooperation. They are fairly varied and reflect our interests, as I have already outlined, but we feel it is right in line with the medium-term cooperation agreements that have been established under the Australia-Indonesia Ministerial Forum. The two working groups that we have been most active in, particularly in recent times, are the Joint Working Group on the Environment and the Joint Working Group on Marine Affairs and Fisheries.

If we could nominate one of the challenges that we are facing at the moment in relation to our relationship with Indonesia, it is its program of fiscal and administrative decentralisation. We had pretty good links in the past with the national agencies, and most environmental problems tend to occur in local and regional areas, so we are beginning to deal with some of the challenges and risks of working at a more dispersed level.

Obviously, we have had a fair bit of experience in the joys, delights and problems of working within a federal system on environmental issues, where the constitutional responsibility for environmental matters rests at a state or local level, and we could probably provide some advice that might be of benefit to Indonesia in relation to not only the central agency role but also working in a more dispersed environment. This is probably fertile ground for future cooperation and capacity-building activities. As a share of our overall budget, our interaction with Indonesia is relatively small, but it has been productive over the last five to 10 years. We are obviously very happy to answer any questions you might have.

CHAIR—Is that relationship a constant or does it come and go with issues?

Mr Glyde—There is a constant relationship, but from time to time the issues change. For example, two or three years ago we were very heavily involved with the environment protection people in the Indonesian government, working on some closer working relationships with industry. We were trying to facilitate Australian environment management industry people getting a foothold in Indonesia but also offering Australian technology to Indonesian companies who were struggling to meet increasingly stringent environmental standards.

We have done that, and we are moving into other areas, but the relationship has been fairly constant. Some of the projects and issues vary—they come and go—from to time, but I think the overall relationship has been fairly firm. The nature of our engagement changes from time to time, or the specific subject matter will change, but the relationship has been pretty constant.

CHAIR—Going back a couple of years, they had that enormous forest clearing and we had pollution all through Asia and rest of it. Would you get involved in a thing like that? Would you ring them up and say, 'Hey, this is a bit rough.'

Mr Glyde—Yes. We get involved in things like that. We try to be involved in a sort of cooperative, constructive and collaborative way. It is a bit hard sometimes for the environmental agencies and their officials to often do a lot about some of those problems. There are some

factors that are beyond the control of the environment bureaucrats and, indeed, perhaps beyond the control of the environment ministers. We try to offer help where we can and tend to target our project work into areas that are of mutual benefit.

By way of example, one that I am familiar with—and Mr Webb is also familiar with—is in relation to mining and the impacts of mining. Australia is a world leader in environmental management of the impacts of mining and, rather than go in and give them a hard time about it, we try to provide training programs and seminars et cetera to help lift the level of knowledge and the level of expertise and get a bit of information and technology transfer from Australian expertise into Indonesia.

I do not think we get involved in too much of a hectoring way, but we do tend to get involved in trying to support where we can and trying to target issues where we have a comparative advantage. There are obviously other countries which have different advantages in environmental technologies—the UK is active, the US is active as well—so we tend to try and influence where we have a bit of expertise.

CHAIR—But the point is you can do that; you can get on the phone to them and they will not tell you to buzz off.

Mr Glyde—Certainly in the issues that I have been personally familiar with. It might be worth while asking for a broader view on the marine side and also on Graeme's side. Would that be the case, that we have those personal contacts? I certainly have with my counterpart in the Environmental Protection Agency, built-up over the last few years.

Mr Tucker—I might add, Mr Chairman, the personal contacts really are what makes it work with our Indonesian colleagues. A number of people build up some pretty strong personal friendships over the years and it really is the best way to engage.

Senator SANDY MACDONALD—How often do you deal with a counterpart who has been trained in Australia?

Mr Glyde—It is very common, in my experience. We have hosted several meetings of a joint working group on the environment, not only with officials but also with representatives of industry who come along to this meeting. It is a joint industry-government activity and it is very common to find the representatives have been educated in Australia and, indeed, often have family members who are studying in Australia at the moment.

Senator PAYNE—In paragraph 20 of the submission you make a reference that one of the areas in which you engage with Indonesia is the development of an alternative livelihood for traditional fishers, which I assume relates to the current activity or project title in your annexure about developing aquaculture. Is that the link to draw?

Mr Beech—My role with Indonesia is in the management of the Ashmore and Cartier marine reserves. That is in the area called the MOU box, where Indonesian fishermen are allowed to come in—traditional Indonesian fishermen, that is. The Australian government and the Indonesian government have recognised that due to a lack of regulation the target stocks have been heavily depleted and have agreed that one of the best solutions to resolve that problem is

developing alternative livelihoods for the Indonesian fishermen who come into the MOU box. That project you mentioned has been funded under the AusAID GSLP program. It is a three-part project: the first part was a socioeconomic study of the Indonesian fishermen who come into that area and that was done by the Australian National University.

The second part of the project, which is under way at the moment, is assessing the most feasible alternative livelihoods which would assist the Indonesian fishermen who come into that area. They come from a number of areas in Indonesia, so the alternative livelihoods which might be suitable for one community may not be for another. The final part of that project will be a pilot project in Indonesia; an actual alternative livelihood project which provides fishermen with an alternative income stream. We hope that project will link with broader aid programs and other projects in Indonesia which are creating alternative livelihoods.

Senator PAYNE—So there is an ongoing relationship with AusAID through the GSLP, which means they know what you are doing and they can link other programs which may be relevant.

Mr Beech—That is right. AusAID certainly do a bit of that, but we have probably put feelers out ourselves with the Indonesian government officials in marine affairs and fisheries. They are quite aware of some of the programs going on with Indonesia—for example, there is one called the Community Empowerment Program. If we can make some links with those programs—which, in many cases, probably receive much more funds than we can access in the long term—we might come up with some useful solutions.

Senator PAYNE—Can you make an assessment of how aware the traditional Indonesian fishermen are of the importance of addressing the biodiversity decline and being prepared to participate in this process and how prepared they are to participate in a process like this?

Mr Beech—Yes, that is a fairly difficult question. We do have quite a bit of contact with the traditional fishermen at Ashmore Reef. When we go out there—or Customs, who are there most of the time to undertake boardings—we communicate with the Indonesian fishermen. I imagine the Indonesian fishermen have understood pretty clearly that the stocks are reducing. It is much harder for them to go back to Indonesia with a useful catch. They are very aware, I think, that there are some problems, but they are in a system where, at the moment, they do not have any alternatives.

Our current project is running in Indonesia, probably most specifically in West Timor, on the island of Rote, where most of the fishermen come from. Our consultants are going out to the communities and talking to community leaders and talking to fishermen about the issues they face, the economic circumstances and what alternative livelihoods might work best for them.

Senator PAYNE—Further into that paragraph there is a reference to Antarctica and our engagement with Indonesia in relation to Antarctica, including participation in our 2001-02 expedition. What is the involvement with Australia in that regard?

Dr Bates—What has happened is that this will be the third time that Indonesians will accompany Australian scientists, who work for the Antarctic division, to Antarctica. They carry out small research projects, and that has been going on for, as I said, the last three seasons.

Senator PAYNE—They carry out research projects on behalf of Indonesia, or do they participate in our projects?

Dr Bates—They participate in our projects with a view to establishing their own sustained program in the future.

Senator PAYNE—Is that part of us helping them to get access to opportunities that otherwise they would have no conceivable capacity to implement themselves?

Dr Bates—Yes. They came forward and specifically requested if they might participate in these expeditions and we were quite willing and keen to encourage them to do so. It helps strengthen the Antarctic Treaty by having more countries involved, particularly Indonesia.

Senator PAYNE—There is a reference at the end of the submission in paragraph 24 to a proposal for a joint survey for Australia, Indonesia and East Timor to assume surveys of fish species in the deep sea. Has that progressed?

Mr Tucker—That is currently still under development, but we are working with our colleagues in Indonesia and East Timor to take that forward. We are pretty positive that it will occur.

Senator PAYNE—What sort of time frame are you looking at?

Mr Tucker—Hopefully in the next six months.

Senator PAYNE—Not knowing how one surveys the fish species of the deep sea myself, is that six months to do the survey or six months to finalise the arrangements?

Mr Tucker—To finalise the arrangements and, subject to the availability of an appropriate vessel, to make sure we can get the appropriate scientists. It is quite an organisational challenge.

Senator PAYNE—Will it involve East Timorese scientists?

Mr Tucker—Yes. We are talking to East Timorese scientists as well as to Indonesian scientists and, hopefully, will do it as a tripartite arrangement.

Senator PAYNE—I am sure this committee would be interested in the results of that project.

CHAIR—Yes, my word. You also made reference to the decentralisation program and some concerns that you had some time since your submission came in. Can you update us on your thinking there?

Mr Glyde—We do not have the personal contacts at that level and I think they are still developing their expertise at that local level. We are still having to deal, obviously directly, with the central government. We are trying to allow them to come forward at the regional and local level, but we are not finding that we can really easily engage them. I do not know that there are the people there.

Dr Bates—Two projects we are currently doing involve working with the local regional authorities. One of them is in Indonesian Papua where there is a World Heritage site called Lorentz National Park. We are training local authorities—people from regional governments and district governments—to create a management plan for that World Heritage site. That is one way we are trying to work with local authorities. Graeme can give another example.

Mr Beech—It is in relation to the MOU box again. We have an MOU box management committee which is made up of Australian and Indonesian officials. It has met a number of times. One of the things we have attempted to do there is bring the relevant provisional Indonesian fisheries officers in the relevant provinces to those meetings because we are aware that that is where change can be initiated. We have some good contacts there, particularly with the provincial fisheries officer in Kupang, which is where most of the traditional fishermen come from.

Mr Webb—In response to your question about the impact of decentralisation, I think you asked about impact on our activities. We could also say that we see the prospect of some impacts on Indonesia's environmental management which have implications for the future. Some of those implications involve, for example, the decentralisation of powers not necessarily being matched by accompanying funding, so responsibilities for environmental management have been devolved and this now means that there are challenges for funding on the ground activities within Indonesia. The broader financing challenges faced by regional government in Indonesia mean that there may be greater temptation at that regional level to sell off natural resources to raise funding for the other activities of the regional government, so potentially decentralisation has introduced new environmental pressures within Indonesia.

Mr LAURIE FERGUSON—Regarding the MOU, there was comment on depletion of resources and there was some reference to illegal fishing outside the MOU. Are there restrictions inside the MOU box in regard to the technology and is there any geographic restriction on who is regarded as a traditional fisherman and who can do that activity?

Mr Beech—That is a good question. The MOU box agreement basically defines traditional fishermen as those in a sailing vessel, in an unmotorised vessel. As far as what type of fishing can be undertaken, there are conditions in the MOU agreement that was revised in 1989 that preclude Indonesian fishermen from taking species such as turtles but, apart from that, it does not say a great deal. What we have seen in recent years is that, as the depletion of their favoured target species of trochus and trepang occurs, a lot of the Indonesian fishermen have moved towards shark fishing as a more lucrative fishing activity in the MOU box.

Mr LAURIE FERGUSON—There is reference to alternative income streams and there is also mention of aquaculture. Are there physically today any projects operating?

Mr Beech—Any projects—

Mr LAURIE FERGUSON—In aquaculture.

Mr Beech—Yes. There is quite a lot of seaweed aquaculture in Indonesia. I think that is probably the most active area. Our project is certainly looking at seaweed aquaculture but also considering things like sponge aquaculture and other species such as growing out of groper.

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 write to you.

[3.39 p.m.]

FORDHAM, Ms Lois, General Manager, Business Operations, Australian Sports Commission

McELLIGOTT, Mr Mark, Assistant Manager, International Relations, Australian Sports Commission

GOSLING, Ms Karen, Special Adviser, Arts and Sport, Department of Communications, Information Technology and the Arts

OLIVER, Mr Colin, Acting General Manager, International Branch, Telecommunications Division, Department of Communications, Information Technology and the Arts

RUSH, Mr Peter, Acting General Manager, Collections and Governance Branch, Department of Communications, Information Technology and the Arts

BODEN, Mr David, Acting Deputy Director, Public Programs and Corporate Services, ScreenSound Australia

SAUNDERS, Ms Pam, Deputy Director, Collections and Technical Services, ScreenSound Australia

CHAIR—On behalf of the subcommittee, I welcome the Department of Communications, Information Technology and the Arts and other agencies to our hearing today. 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 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 proceed to questions.

Mr Oliver—I would like to make a short statement in connection with the telecommunications element of the submission that was made in October, since that submission finished with the point where we were looking at how to go forward with the workshop that had been planned to be held in Bali in October or November and had to be deferred because of the Bali bombing. I can say that that workshop in fact was held subsequently in Bangkok and we were able to support the participation of six Indonesian officials at that meeting. The mutual recognition arrangement is about streamlining conformity assessment procedure for telecommunications equipment and so is part of the liberalisation agenda in the region.

Also, quite soon thereafter, we had two Australian-led workshops in Jakarta in March of this year, specifically responding to requests from Indonesia. The first was a one-day workshop on regulatory and policy aspects of universal service obligations in the telecommunications sector. That was done under the auspices of the Asia-Pacific Telecommunity, one of the regional organisations with which we are involved with Indonesia. The second was a three-day APEC

workshop on telecommunications interconnection, which is one of those difficult technical issues that have to be resolved in establishing a competitive telecommunications environment. I think those elements of update are worth mentioning at the beginning.

CHAIR—Thank you very much.

Ms Fordham—From the Australian Sports Commission's perspective, our submission highlights almost seven years of developing contact between the ASC and the Indonesian sports authorities between mid-1992 and 1999. Ongoing sport development activities conducted by the ASC in Indonesia were mainly funded by grants from the Australian Department of Foreign Affairs and Trade's bilateral agency, the Australia-Indonesia Institute. The grants averaged about $84,000 a year between 1994-95 and 1998-99 before the AII determined to move away from funding sport development activity.

This contact was coordinated on a government-to-government basis between the ASC and its then counterpart, MENPORA, which is the acronym for the Ministry of Youth Affairs and Sport; also KONI, the National Sports Council Olympic Committee. In 1995 the then respective sports ministers, Senator John Faulkner and Mr Hayono Isman, signed a memorandum of understanding on sports cooperation between the two governments. The MOU takes the ASC standard form, DFAT approved, of about three pages containing statements of good intent for cooperation and outlining the types of fields where this might occur. The MOU is current until June 2004, although no activity has taken place since 1999.

Following the signing of the MOU two strategic planning workshops were held, in Jakarta in May 1995 and in Canberra in July 1995, to address a plan for the development of sport in Indonesia. These workshops were facilitated by consultants from the ASC and attended by Indonesian representatives of the Ministry of Youth and Sports, KONI, the Ministry of Education and Culture and the Ministry of Internal Affairs. This paved the way for the major focus of cooperative activity from 1996 to 1998, which initially involved the placement of a consultant in Jakarta for a period of six months from July 1996 to work with the Indonesian government and sport agencies to produce a plan for the development of sport in Indonesia.

The plan submitted in January 1997 identified nine objectives and 42 allied strategies relating to strengthening the capabilities of the Indonesian government's ability to deliver sports services; also high-performance sport, community sports participation, improved linkages and networking, and strengthening the capability of the higher education sector to service sports. It also identified policies to improve equity and access. The program with Indonesia then started addressing these areas, particularly the development of the education institutions and identification of the lead institution as a centre of sports excellence and teacher education, and the development and implementation of a national talent identification program and a broad sports education program in fields such as coaching, administration, facilities management and sports volunteers

As these processes were getting under way the Asian economic situation declined. The increasing civil and political unrest in Indonesia through 1998 and 1999 led to a situation where activities were curtailed or placed on hold and then eventually ceased. Funding from the Australia-Indonesia Institute was also redirected away from sport at this time and the ASC was required to return unexpended funds to the Australia-Indonesia Institute. We have had no formal

contact since that time, apart from recent assistance from KONI, which is the Olympic institute, to help prepare athletes for the upcoming South-East Asian Games in Vietnam in December.

CHAIR—Thank you.

Ms Saunders—To amplify a little bit on what we wrote in our submission, ScreenSound Australia's involvement in audiovisual archiving in Indonesia is linked principally to our involvement with SEAPAVAA—the South-East Asia and Pacific Audiovisual Archive Association—which was set up in 1996. The first president of SEAPAVAA was deputy director at ScreenSound Australia. The current treasurer is David Boden, who is acting deputy director at ScreenSound Australia and is with me today. SEAPAVAA's major aim is to provide a regional forum for addressing common issues and concerns in audiovisual archiving. It specifically aims to encourage communication and mutual assistance, including sharing of knowledge, skills services, resources and experiences.

Indonesia has four institutional members of SEAPAVAA: Sinematek Indonesia, the National Library of Indonesia, the National Archives of Indonesia and the Indonesian Visual Mandiri. SEAPAVAA's assistance takes the form of an annual conference for members and usually a number of training courses per year. Because ScreenSound Australia are a relatively affluent and advanced audiovisual archive in the region, we have a tendency to supply the educators for those courses. Courses have been held in the last few years in Vanuatu, Thailand, China, Indonesia, Vietnam, Papua New Guinea, Fiji, Malaysia and Laos. SEAPAVAA usually get UNESCO funding for these conferences. They fund our staff members' air fares and accommodation but we pay for the staff time.

We are also sometimes approached to restore audiovisual materials for South-East Asian archives, especially when they are in such a poor condition that their own facilities or abilities do not allow them to do that themselves. Sometimes we take this technical work on a fee-for-service basis and sometimes we offer discounted or even free rates in support generally of international cultural cooperation. A substantial example of this was the restoration in 1997 of *Antara Bumi dan Langit*, which is *Between Earth and Sky*. This work was restored, to be screened at an international film festival in Korea.

We are keen to continue our contact with Indonesian film and sound archives but essentially further cooperation depends in part on what level of assistance is required and whether there is funding from one end or the other to do that.

CHAIR—Thank you very much indeed for that. Just on your last bit, Pam, is the restoration old acetate film?

Ms Saunders—I am not entirely sure.

Mr Boden—The film dates from 1950, probably sourced from original nitrate but I would have to check.

CHAIR—Good luck.

Ms Saunders—We are good at nitrate.

CHAIR—Could I perhaps go back to the telecommunications division. How well developed are the Indonesian systems? Is there much potential for us to get involved in further development of their infrastructure?

Mr Oliver—Indonesia is among the least developed in the region. Some 2001 figures put fixed telephone density at about 3½ per cent and mobile density at just over four per cent. No doubt it is higher now. There is rapid growth but from a low base and, given Indonesia's geography, a lot of difficulty in covering the more remote regions.

The work we did really responded to their particular requests. In other words, we had Indonesians attend earlier workshops—for example, on the interconnection issue. They sought specific help because of their structural problem, which is that local call prices are below cost. This is a problem for investors and is a problem for networks working out the relationships between each other on a commercial basis. It is a problem that is recognised by the Indonesian government. They have made steps to change it but, along with other existing price control rules, it is a difficult political task.

CHAIR—Why would they come to us?

Mr Oliver—Their request was to APEC. This was an APEC funded project. We just happened to be the leaders of that particular project. We were able to gain additional APEC funding, rather than Australian funding, to hold the workshop in Jakarta.

CHAIR—You would be involved with e-government and email systems and some of those technical workshops for the government.

Mr Oliver—Yes. When I say 'technical', interconnection has engineering dimensions but it also has pricing and business dimensions. The work really covered the range of issues there. There is an active private sector in Indonesia. The first workshop where the idea was generated for a workshop in Jakarta was attended entirely by private sector people from Indonesia. They then went about the business of eliciting government interest in a repeat in Jakarta. In the end, I suppose, the workshop comprised 50 people. At least half of those would have been Indonesian, with a mix of private sector and government. It is encouraging that there is a relationship between private and government sectors where they are wrestling with these issues.

CHAIR—And do those approaches to Australia come from both areas? Do they come from government and private?

Mr Oliver—Yes. When I say private, I am referring especially to the Indonesian Telecommunications Society, MASTEL, which is called on really for advice by the Indonesian government in areas like this.

Senator PAYNE—There are two areas on which I want to ask questions. Maybe there is nobody here this afternoon who is interested in making a response to this but I am fascinated that a submission to this committee from the Department of Communications, Information Technology and the Arts would make no reference to the cultural aspect of the terms of reference, except in relation to ScreenSound's presence in a submission. It makes no reference to the extraordinary wealth and rich history of the arts in Indonesia. The committee received what I

regarded and said at the time was an exceptional submission from AusHeritage Ltd—which was in fact launched by the then Arts Minister, Richard Alston, and your minister—which had, as an appendix to it, the AusHeritage and ASEAN Committee on Culture and Information, a cultural heritage management profile. It makes extensive reference to art forms in Indonesia, visual arts, performing arts, media art including film, and so on. Yet in the submission that comes from your department we have no reference at all to preservation of those very important aspects of the culture between the two countries and what possible exchanges in relationship building we could do based at that level. I do suspect there is nobody here who wishes to comment on that so I am happy so leave it on the record.

Mr Rush—I am happy to discuss that. The department has an overarching role to work with the cultural agencies in the portfolio and there is a broad range of those agencies, the collecting institutions, as well as arts policy and funding bodies and the agencies that work in film and screen culture and so on. Generally speaking, those agencies set their own priorities for engagement with other parts of the world, and a number of the agencies did make submissions directly to this inquiry.

Senator PAYNE—We are hearing from some of them.

Mr Rush—Yes. The library, I think, is attending directly after this.

Senator PAYNE—Yes.

Mr Rush—The Maritime Museum, I understand, attended a hearing in Sydney recently. You have already mentioned ScreenSound. We have advice from the Australia Council for the Arts that they will be making a submission if they are allowed, as soon as they—

Senator PAYNE—It is a bit late in the piece, Mr Rush.

Mr Rush—It is late in the piece. I wanted to draw to your attention the fact that some of those agencies have made direct submissions and that the department would see its role as an overarching one, not a direct one, in providing advice to the committee on matters relating to the agencies' activities.

Senator PAYNE—I appreciate the point that you make. I do not think it necessarily obviates the department from making a comment in relation to the cultural aspects of the bilateral relationship, given the extent of the carriage the department has in that particular area. Thank you, Chair.

In relation to sports matters, I wanted to try to get an understanding of how the ASC works, if it does at all, in international relationships. It is quite clear that once the relationship with the Australia-Indonesia Institute ceased in this area, then the ASC's relationship, in terms of sporting contact with Indonesia seems to have also ceased, and I understand the funding imperative that you make quite clear, but do you have any other international relationships or any other ways of exploring international relationships?

Ms Fordham—Yes, we do. We manage projects in the Caribbean, in Oceania, Papua New Guinea and southern Africa on behalf of AusAID. We get project money for that and manage those projects.

Senator PAYNE—How, then, are the priorities set in terms of, say, choosing the Caribbean over Indonesia or Africa over Indonesia in that way?

Ms Fordham—The priorities are chosen for us.

Senator PAYNE—By AusAID?

Ms Fordham—I would think it is a government decision to put money into a particular area. The Caribbean was linked to the Commonwealth Games.

Mr McElligott—If I may, yes, the Prime Minister announced the decision to support the Caribbean at the CHOGM meeting in 1997, I think it was, and also the Africa program, so the commission probably was involved in the discussions but the imperative was driven in association with the Commonwealth Games.

Senator PAYNE—So in terms of future engagement, and from this committee's perspective as we are looking at this, it needs to come from more a whole of government direction than an ASC decision to say, 'It would be great to do X, Y and Z with Indonesia'?

Ms Fordham—Yes, absolutely. It is not our core business, as you can imagine.

Senator PAYNE—No, I understand that.

Ms Fordham—But it is something that we have the expertise to deliver, so we are quite happy to deliver it on a project management basis.

Senator PAYNE—Does the ASC have any relationships in East Timor, even if it is through AusAID?

Ms Fordham—We certainly have a volunteer over there at the moment.

Mr McElligott—Also, if I may say, one of the staff in the international section was posted there for three months to help establish the East Timor Olympic Committee. That was in association with the Australian Olympic Committee.

Senator PAYNE—Which got their marathon runners and their boxers here.

Mr McElligott—Which got the five athletes to the Sydney Games, that is right, yes.

Mr LAURIE FERGUSON—This is a bit outside ScreenSound and archives, but does anyone here have any knowledge of the Indonesian film industry at all?

Ms Saunders—I do not myself, and I would be surprised if David was waving his hand too hard about that one. I am sorry, no.

Mr LAURIE FERGUSON—Let's leave it there.

Ms Saunders—I am sorry.

Mr LAURIE FERGUSON—There are no further questions. Thank you for your attendance here today, If there are any matters on which we might need additional information, the secretary will write to you. 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.

[4.00 p.m.]

GATENBY, Ms Pamela Jane, Assistant Director General, Collection Management Division, National Library of Australia

Mr LAURIE FERGUSON—On behalf of the subcommittee, I welcome the National Library's representatives. Although the subcommittee prefers that all evidence is 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 should remind you the hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the house itself. I now invite Pamela Gatenby to make a short opening statement before we proceed to questions.

Ms Gatenby—Thank you. The National Library of Australia has had a close working relationship with the information sector in Indonesia since about 1971, when we established an office in Jakarta to assist the library to develop its collections of Indonesian publications. We also from that date offered a similar service to Australian research libraries who wished to collect Indonesian materials.

Since that time, through the presence of the office in Indonesia, we have been able to develop world-class collections of Indonesian materials, which rank amongst those of the Library of Congress and the Netherlands and Cornell University, so we have very rich collections of contemporary publications reflecting Indonesian history, society, culture, economics, law et cetera.

We have also, by having a presence in Indonesia, been able to work very closely with the National Library of Indonesia and we have sustained a close mutually beneficial relationship over the period since 1971. Through that relationship we have been able to assist them with developing their own collections but also we have offered direct assistance in the form of training and preservation advice, whereby we have brought people to Australia to give them on-site training. To conclude, it is an ongoing priority for the National Library to retain and maintain this relationship and our presence in Indonesia.

Mr LAURIE FERGUSON—What, if any, have been the difficulties, impediments, to developing a relationship with your counterparts in Indonesia?

Ms Gatenby—The difficulties have been the lack of a well organised publishing industry within Indonesia. It is relatively easy now to acquire commercial publications, but still incredibly difficult to acquire publishing from smaller publishing output from the government, from non-government organisations. We found that when we did not have a presence in Indonesia between 1982 and 1993, when we relied on locally engaged officers, our collecting declined significantly because you do need to have a presence there, to be on the spot, to collect. We have also found it difficult to work to some extent within the business infrastructure that exists in Indonesia, in terms of putting in place mechanisms for the ongoing and reliable collection and distribution of publications. Apart from that, I think they have been related to the cost of the operation.

Mr LAURIE FERGUSON—What is your knowledge of the National Library of Indonesia itself? What is the law there? Do all publications have to be provided to the National Library of Indonesia?

Ms Gatenby—Yes, they have legal deposit. They are a depository library.

Mr LAURIE FERGUSON—You are fairly confident they themselves are on top of things, despite the problems you said—

Ms Gatenby—Yes. I think they would acknowledge that they themselves have great difficulty with ensuring they get a good representation of publishing output in Indonesia. They attempt to, of course, but they suffer from tremendous infrastructure problems themselves in terms of staffing, having difficulty with building and housing their collections. Preservation is a major issue for the National Library of Indonesia. We have always worked in collaboration with them because we know and they acknowledge that their collections are not as sufficient, in terms of the national coverage, as they would like to be.

Mr LAURIE FERGUSON—You outlined how renowned our collection is: can you give us some indication of how far we go back and what kinds of materials we do have?

Ms Gatenby—We started collecting contemporary publishing from about the late 1960s, but we have also, over the years, acquired what we call formed collections that have been microfilmed, or produced on microfiche, largely by the national institute in the Netherlands and by the Library of Congress. Library of Congress has had a very active program in Indonesia of microfilming older manuscript, unpublished type of material. Where that is available we have purchased it for our collection. We have a great historic strength as well as reflecting contemporary publishing.

Senator PAYNE—Thank you, Ms Gatenby. I think this is fascinating. I had no idea that the National Library had such an expansive collection of Indonesia material. Do you do anything to promote the fact that you have such an extraordinary collection?

Ms Gatenby—Yes, in a number of ways. The National Library itself has a very popular web site.

Senator PAYNE—I have visited the web site.

Ms Gatenby—Yes, it receives a lot of use and visitors. But a component of that web site is devoted to Indonesia. Through the web site we not only provide information about what we ourselves do, but we provide links through the web site to many sources of Indonesian information that is available only online or they are Indonesian types of services, so it is not direct link publications. We also have a program called the Harold White Fellowship Program, whereby we offer funding to scholars and researchers to research components of the library's collections. This is not dedicated just to Indonesia or Asia, but we have over the years had a couple of researchers who have used our Asian collections, including our Indonesian collections.

Senator PAYNE—Does the library have an acquisitions office anywhere else in the region?

Ms Gatenby—No, that is the only one we have.

Senator PAYNE—I assume that person, given they are apparently travelling the countryside acquiring titles, has extensive language skills.

Ms Gatenby—Yes, indeed, it is a prerequisite for the position that they must be able to speak the language.

Senator PAYNE—If one was to make the comparison in relation to the National Library of Indonesia, do you think they have a collection of any moment in relation to Australia?

Ms Gatenby—No. They certainly collect Australian publications, but they do it highly selectively and, in fact, a lot of the publications we would give to them through what we call a gift and exchange arrangement.

Senator PAYNE—What is that?

Ms Gatenby—National libraries around the world often assist each other to develop their collections by providing a set of publications free of charge. They might be the publications of the library itself, or a designated sector of national publishing, like many government publications or academic research publications. It is a scheme that is not as popular now as it was many years ago because of the economics behind it, but certainly we still do provide publications to libraries in the Asian region.

Senator PAYNE—It strikes me that parliaments could make a fairly significant contribution to that process in terms of exchange of information. I know this parliament gave a substantial number of reports to the Cambodian parliamentary library some short time, but you would hope that a report such as this would find—assuming that it is a productive process—its way into the National Library of Indonesia at some stage in the future.

Ms Gatenby—Yes, you would. I think certainly the university libraries in Indonesia do complement the collections of the National Library of Indonesia.

Senator PAYNE—How many staff do you have in Indonesia?

Ms Gatenby—We have one Australian based officer that we employ on contract ourselves and there are two locally engaged officers.

Senator PAYNE—In terms of exchanges—and staff exchanges in particular—do they just happen in your experience between the two national libraries, or if Indonesian visitors come to Australia, do you encourage them to visit other libraries, perhaps even a parliamentary library, for example?

Ms Gatenby—Definitely, yes. Generally if an officer from Indonesia comes to work with us, we would facilitate a series of visits to other libraries that specialise, to some extent, in the area they were particularly interested in. I cannot recall precisely, but certainly a parliamentary library would be one that we would encourage them to attend, yes.

Senator PAYNE—How often do those sorts of exchanges occur?

Ms Gatenby—They are ad hoc. They can happen either from us being approached by Indonesia, when they have a particular skills development need or they might want someone to come and update their knowledge of automated cataloguing or online systems. We respond favourably to that. Alternatively, the National Library runs what we call a regional cooperation program and that provides modest funding to libraries, mainly national libraries in the Asia region, to enable them to purchase materials, purchase some equipment or to receive training. Indonesia has applied a couple of times through that as well.

Mr LAURIE FERGUSON—You earlier described a fairly decentralised, disorganised publishing picture in Indonesia.

Ms Gatenby—Yes.

Mr LAURIE FERGUSON—I do not know if we have this knowledge, but are there any concerns that localised dialects or regional publications might fare worse in regards to the National Library of Indonesia's collection and, if so, have we done anything to try and retrieve that situation?

Ms Gatenby—Yes, our officer undertakes trips to the provinces or different regions fairly regularly, depending on the political situation and security at the time. We go there and collect for our library, for Australian libraries, but we also take that opportunity to work with the National Library of Indonesia to ensure that what we are finding out about they can take advantage of. The National Library of Indonesia has officers in most of the major regions of Indonesia, so they help us to visit by making contact with their regional officers. It is a collaborative kind of undertaking. It is a really important component of Indonesian publishing and it is one we give a lot of attention to, but it is easy to miss because a lot of the publishing is very ephemeral and transitory. If you are not on the spot you often will not get it, but we try hard for that reason.

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

Ms Gatenby—Thank you.

Resolved (on motion by Senator Payne):

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

Subcommittee adjourned at 4.12 p.m.