
The Parliament of the Commonwealth of Australia

Near Neighbours – Good Neighbours

An Inquiry into Australia's Relationship with Indonesia

Joint Standing Committee on Foreign Affairs Defence and Trade

Foreign Affairs Sub Committee

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Canberra

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Foreword

Australia's relationship with its near neighbour, Indonesia, is an extremely important bilateral relationship. It is in the interests of both nations for the relationship to be strong in all its dimensions –strategic, political, economic and cultural. The relationship is a complex one that exists on many levels.

The Committee has been impressed by the breadth and strength of the relationship at the bureaucratic level. In the course of this inquiry a large number of government departments and agencies have described in detail the programs they conduct with their counterparts in Indonesia. These programs are typically effective not only in enhancing cooperation and building capacity but also in establishing strong people-to-people links.

In the Committee's view, not all dimensions of the relationship display the same strength. At the political and people-to-people levels, the relationship needs considerable strengthening. Many of our recommendations are aimed at improving communication and deepening understanding at both these levels.

The Bali bombings, which occurred within weeks of the commencement of this inquiry, brought home the critical importance of security aspects of the relationship. Australia and Indonesia both suffered heavy loss of life and this shared loss has affected the relationship in a deep and indelible way.

As important as the security aspects of the relationship are, the Committee has kept a broad focus. Greater economic cooperation, for instance, has the potential to be of great value to both countries.

One element of the relationship that featured in each of the various aspects of the bilateral relationship examined by the Committee was education. A prominent component of our trade relationship, education is also an extremely important focus of our development cooperation with Indonesia. Education is a principle means of enhancing mutual understanding and building stronger people-to-people links. Education, as such, features prominently in this report.

Australia and Indonesia are near neighbours. Being good neighbours is an art requiring a delicate balancing of distance and closeness: a distance that is respectful of difference and sovereignty —a closeness that guarantees a helping

hand in times of need. In conducting this inquiry and writing this report, the Committee has endeavoured to contribute to the building of a positive, healthy and productive relationship between good neighbours.

A handwritten signature in black ink, appearing to read 'David Jull', with a long horizontal line extending to the right.

Hon David F Jull, MP
Chair of the JSCFADT Foreign Affairs Sub-Committee



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Terms of reference

AUSTRALIA'S RELATIONSHIP WITH INDONESIA

The Joint Standing Committee on Foreign Affairs, Defence and Trade shall inquire into and report on Australia's relationship with the Republic of Indonesia, focussing 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.

Referred by the Minister for Foreign Affairs, 22 August 2002.



List of abbreviations

ABC	Australian Broadcasting Corporation
ACC	Anti Corruption Commission
ACFID	Australian Council for International Development
ACIAR	Australian Centre for International Agricultural Research
ACISIS	Australian Consortium for 'In-Country' Indonesian Studies
ADA	Australian Defence Association
ADB	Asian Development Bank
ADS	Australian Development Scholarship
AEC	Australian Electoral Commission
AEF	Asia Education Foundation
AFP	Australian Federal Police
AII	Australia Indonesia Institute
AIMF	Australian Indonesian Ministerial Forum
AISP	Australian Indonesian Sports Program
ANMM	Australian National Maritime Museum
ANU	Australian National University

APJC	Asia Pacific Journalism Centre
ASAA	Asian Studies Association of Australia
ASC	Australian Sports Commission
AusAID	Australian Agency for International Development
AUSTRAC	Australian financial intelligence service
AVI	Australian Volunteers International
AWPA	Australian West Papua Association
BIMP- EAGA	Brunei Darussalam Indonesia Malaysia the Philippines - East ASEAN Growth Area
BPK	(Indonesian) National Audit Office
CDI	Centre for Democratic Institutions
CEPT	Common Effective Preferential Tariff Scheme
CIEMP	Customs International Executive Management Program
CIMS	Criminal Information Management Centre
CLCC	Creating Learning in Communities for Children
COAG	Council of Australian Governments
CPA	Commonwealth Parliamentary Association
CSIRO	Commonwealth Science and Industry Research Organisation
DCITA	Department of Communications, Information Technology and the Arts
DDA	Doha Development Agenda
DEST	Department of Education, Science and Training
DFAT	Department of Foreign Affairs and Trade of Australia
DIMIA	Australian Department of Immigration, Multicultural and Indigenous Affairs

DITR	Department of Industry, Tourism and Resources
DPR	Dewan Perwakilan Rakyat (House of Representatives of Indonesia)
DPRD	Provincial Peoples Representative Council
EAEC	East Asian Economic Caucus
EEF	Extended Fund Facility
EFIC	Export Finance and Insurance Corporation
ELSHAM	Institute for Human Rights and Advocacy
FaCS	Department of Family and Community Services
GAM	Gerakan Aceh Merdeka (Free Aceh Movement)
GoI	Government of Indonesia
GSLP	Government Sector Linkages Program
HIPC	Highly indebted poor countries
IBRA	Indonesian Bank Restructuring Agency
ICG	International Crisis Group
ICLEC	Indonesia Centre for Law Enforcement Cooperation
IFI	International financial institutions
IMF	International Monetary Fund
IPU	Inter-Parliamentary Union
JOMC	Joint Operations and Media Centre
KPU	National Election Commission (Indonesia)
LECP	Law Enforcement Cooperation Program
LTO	Large Tax Payers Office
MCEETYA	Ministerial Council on Education, Employment, Training and Youth Affairs

MFN	Most favoured nation
MOU	Memorandum of understanding
MPR	Papuan Peoples Council
NAD	Nangroe Aceh Darassalum
NALSAS	National Asian Languages in Australian Schools
NAQS	Northern Australia Quarantine Strategy
NGO	Non governmental organisation
NTB	West Nusa Tenggara
NTT	East Nusa Tenggara
NU	Nahdlatul Ulama
ODA	overseas development aid
OPM	Free Papua Movement
PDP	Parliamentary Development Program
PNG	Papua New Guinea
POLRI	Kepolisian Negara Republik Indonesia (Indonesian National Police Force)
PPATK	Indonesian Financial Intelligence Service
PRO	Parliamentary Relations Office
TAMF	Technical Advisory Management Facility
TNCC	Transnational Crime Centre
TNI	Indonesian Armed Forces
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner For Refugees
WILTA	Westralian Indonesian Language Teachers Association



List of recommendations

Recommendation 1

The Committee recommends that the Minister for Foreign Affairs establish a program of exchange visits between the Foreign Affairs, Defence and Trade Committees of the Australian Parliament and the equivalent committees of the Indonesian Parliament. Incorporated in the program should be a formal, structured one day conference with agenda items prepared by both sides covering all aspects of the relationship that may be of concern. The program should be additional to the current bilateral visits program and be separately funded.

Recommendation 2

The Committee recommends that the Federal Government acknowledges the Northern Territory's role as interested neighbour and as observer of BIMP-EAGA (a sub-regional grouping of ASEAN) and consider providing special assistance to the Northern Territory to enable it to enhance its role.

Recommendation 3

The Committee recommends that the Federal Government jointly invite the States to examine ways in which the educational relationship with Indonesia can be more cohesively managed.

Recommendation 4

The Committee recommends that the Minister for Foreign Affairs arrange that the activities of the Government Sector Linkages Program be extended to facilitate the establishment and maintenance of better linkages between State governments and regional counterparts in Indonesia. The arrangements should be funded jointly by Federal and State and Territory Governments.

Recommendation 5

The Committee recommends that the Minister for Foreign Affairs confer with the Local Government and Planning Ministers' Council about strengthening the bilateral relationship through encouraging the establishment of links between local regions in Australia and Indonesia.

Recommendation 6

The Committee recommends that over the next five years Australia seeks to increase our aid to Indonesia to a level whereby Australia would become Indonesia's third largest bilateral source of funding.

Recommendation 7

The Committee notes that the pace for rebuilding the defence relationship will be determined by both countries. On the Australian side, it strongly endorses measures that can accelerate the process of re-establishing mutual confidence in the defence relationship.

Recommendation 8

The Committee recommends that as Australia participates more broadly in the activities associated with the war against terror, and as it pursues more generally its security interests, the Australian Government should sustain a regular and rigorous dialogue to ensure that in a country where Islamic sensitivities are high, there is a complete understanding of Australia's intentions and that those intentions in no way incorporate a hostile view of the Islamic world or Indonesia's part in it.

Recommendation 9

The Committee recommends that the Minister for Trade proposes at the next Australian Indonesian Ministerial Forum meeting that a scoping study be undertaken on the implications of a free trade agreement on both economies.

Recommendation 10

The Committee recommends that:

- travel advisories should note that they are not a prohibition on travel unless otherwise the case;
- travel advisories should incorporate information on current practices, for example, the number of people travelling;

- where a travel advisory impacts upon a State Government relationship or business activity, that there be capacity for this to be discussed with DFAT in a way that ensures that if at all possible the advice can be given in a way that satisfies insurers of low risk activities; and
- that Australian Government agencies and institutions affected by travel advisories respond creatively during such periods and find ways to ensure that the interactions with their counterparts in Indonesia take place.

Recommendation 11

The Committee recommends that the possible introduction of a telemedicine system be examined further, with the aim of improving the consideration time for Medical Treatment Visa applications

Recommendation 12

The Committee recommends that:

- education should continue to retain the central importance that it has in Australia's aid to Indonesia;
- that increases in education funding should not be at the expense of other aspects of AusAID's program to Indonesia or at the expense of aid to other countries; and
- that increases to one part of the education program should not be at the expense of other aspects of the education program.

Recommendation 13

The Committee recommends that the Australian Government provide for an enhanced Australian Development Scholarships program to enable the provision of a substantial package of scholarships specifically for Indonesian students for studies in education.

Recommendation 14

The Committee recommends that the Australian Government should establish a program of scholarships to Indonesian teachers to undertake professional development training Australia during vacations.

Recommendation 15

The Committee considers that there is value in adding a work experience component to the Australian Development Scholarship Program and recommends that the Australian Government provide substantial ongoing funding to the Government Sector Linkages Program to enable it to be used in conjunction with the Australian Development Scholarship Program by providing for a work component to be added to the Scholarship Scheme.

Recommendation 16

That the Australian Government establish a Parliamentary Development Program to provide assistance to developing parliaments.

Recommendation 17

The Committee recommends that the Australian Government increase funding to the Australia Indonesia Institute to enable it to maintain both the breadth of the range of programs it supports, to provide for continuity of successful core programs and to enable it to significantly extend its reach.

Recommendation 18

The Committee recommends that Indonesian Studies be designated a strategic national priority and that the Australia Research Council and the Department of Education, Science and Training be requested to recognise this in prioritising funding for both research and teaching.

Recommendation 19

The Committee recommends that NALSAS (the National Asian Languages and Studies in Australian Schools program) be restored, or a program with similar aims and an equivalent level of funding be established.

Recommendation 20

The Committee recommends that additional funding be provide to the Department of Education, Science and Training to enable it provide an annual grant to the Australian Consortium for 'In-Country' Indonesian Studies, for running and salary costs.

Recommendation 21

The Committee recommends that the Ministerial Council on Education, Employment, Training and Youth Affairs, develop a strategy for promoting understanding of Islam in Australian schools, and of creating ways of and encouraging Australian schools to establish sister school links with schools in Indonesia including Muslim schools.

Recommendation 22

The Committee recommends that on October 12 in this and future years, Australians not only remember those lost and injured in the Bali bombings, but commit ourselves to making substantial and sustained efforts to deepen our understanding and appreciation of Indonesian society.

Recommendation 23

The Committee recommends that the Department of Communications, Information Technology and the Arts actively promotes in the agencies within its portfolio a commitment to building a relationship with Indonesia.

Recommendation 24

The Committee recommends that the Australia Indonesia Ministerial Forum establish a Working Group on Arts, Heritage and Culture.

Recommendation 25

The Committee recommends that the Australia Indonesia Institute receive additional funding to expand its efforts in promoting culture and arts.

Recommendation 26

That a portion of the increased funding recommended earlier for the Australia Indonesia Institute be dedicated to the furthering of the sports relationship between Australia and Indonesia.

Recommendation 27

The Committee recommends that AusAID examine and report on the value and budgetary implications of adding cultural heritage as a third crosscutting issue in its program.

Recommendation 28

The Committee recommends:

- that the Federal Government continue providing additional funding for transmission for Radio Australia; and
- that the Australian Broadcasting Authority examine and report on the cost and feasibility and implications of Radio Australia taking advantage of spare short wave capacity directed at Indonesia and broadcasting on multiple frequencies.