



Submission No 92

Inquiry into Australia's Relations with Indonesia

Organisation: Department of Defence

Contact Person: Senator the Hon Robert Hill

Address: Parliament House
Canberra ACT 2600

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DEPARTMENT OF DEFENCE SUBMISSION



**JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**BUILDING AUSTRALIA'S RELATIONSHIP
WITH INDONESIA**

DEPARTMENT OF DEFENCE SUBMISSION

**JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**INQUIRY INTO BUILDING AUSTRALIA'S RELATIONSHIP
WITH INDONESIA**

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**DEPARTMENT OF DEFENCE SUBMISSION
INQUIRY INTO BUILDING AUSTRALIA'S RELATIONSHIP
WITH INDONESIA**

Executive Summary

- The Australia-Indonesia defence relationship supports Australia's national interests in a secure and stable Indonesia, and promotes Australia's and Indonesia's shared interests in regional stability and security. The 12 October terrorist attack in Bali highlights Australia's enduring interest in Indonesia's stability.
- Australia's defence relationship with Indonesia is a long-term investment which has provided Australia and Indonesia with important benefits.
- Australia's enduring national interests have supported the continued maintenance of the relationship. At no time has the defence relationship been severed – even during the East Timor crisis.
- In recognition of our shared interests in combating international terrorism in the region, the Australian and Indonesian Governments signed a memorandum of understanding in February 2002. The MOU highlights the concerns of both Governments that international terrorism can play a de-stabilising role in the region, and establishes priority areas for inter-agency cooperation. The MOU provided the framework for Australian-Indonesian cooperation in responding to the Bali attacks, including the Joint Investigation and Intelligence Team.
- Australia is currently in discussion with Indonesia on how best to resume limited defence cooperation to combat terrorism, specifically in the areas of hostage recovery and hijack resolution.
- Australia maintains a range of cooperative defence activities with Indonesia. These cooperative defence activities focus on training and personnel exchange activities, building constructive contacts between the Australian and Indonesian military personnel, and supporting our strategic dialogue.
- The defence relationship will continue to develop at a pace, and in directions, which are agreed by both Governments. Australia, through the defence relationship, will continue to encourage the Indonesian military to play an appropriate role in the future of Indonesia – characterised by professionalism, respect for the rule of law, and responsiveness to government direction.
- Maintaining the defence relationship will remain an important objective of the Australian Government in recognition of our shared interests in the security of the archipelago, the domestic problems faced by the Indonesian Government, and the Indonesian military's continued role as the state's most important national institution.



**DEPARTMENT OF DEFENCE SUBMISSION
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WITH INDONESIA**

Introduction

1. In preparing this submission, Defence has only addressed the Defence aspects of the inquiry's Terms of Reference. The Defence relationship with Indonesia has been an important component of the bilateral relationship between Australia and Indonesia. The defence relationship has contributed to the development of positive relations between Australia and Indonesia, and the maintenance of the relationship will continue to be an objective of the Australian Government.
2. Defence notes that the Committee shall also review the political, economic (including trade and investment), social and cultural aspects of the bilateral relationship. These aspects will be more suitably addressed in the submissions of other Federal government departments.

Defence 2000 – the basis of the defence relationship

3. The foundations for the defence relationship are contained in the Government's White Paper on Defence, *Defence 2000: Our Future Defence Force*. The guidance that the White Paper provides for the Australia-Indonesia defence relationship remains extant. On the Australia-Indonesia defence relationship, the White Paper states, at pp 41-42:

5.44 Our biggest and most important near neighbour is Indonesia. Over the past 30 years, both Australia and Indonesia have worked hard to establish and nurture a close defence relationship based on a strong sense of shared strategic interests. We have made significant progress despite differences in approach to some issues - for example the role of the military in society.

5.45 Indonesia's democratic transition, and its decision to allow East Timor a referendum on its future, have in many ways removed some of the earlier constraints on the development of a deeper strategic relationship. But the tumultuous events following the East Timor ballot last year, culminating in the deployment of INTERFET, caused understandable tensions between Australia and Indonesia, which resulted in the suspension of most areas of defence contact.

5.46 Lingering misunderstandings in Indonesia about Australia's recent role in East Timor have so far made it hard to build on the opportunities offered by Indonesia's democratising achievements to establish the foundations of a new defence relationship. But Australia's fundamental interests and objectives in having a good defence relationship with Indonesia remain as important as ever. The Government is committed to working with the Indonesian Government to establish over time a new defence relationship that will serve our enduring shared strategic interests.

Australia's National Security- A Defence Update 2003

4. A report on the first major review of Australia's strategic environment and defence posture since the Defence White Paper was released in February 2003. The *Defence Update* reviews Australia's strategic priorities in light of the threats of terrorism, demonstrated so tragically at Bali, and proliferation of weapons of mass destruction.

5. The *Defence Update* confirmed the fundamental conclusions reached in the 2000 Defence White Paper although it recognised that the threat of terrorism and the spread of weapons of mass destruction have created a more uncertain environment.

6. The *Defence Update* affirms Australia's commitment to a close relationship with Indonesia, and recognises areas where both countries can cooperate to our mutual benefit. These include maritime surveillance and intelligence exchanges. The *Update* also explicitly affirms that Indonesia's territorial integrity remains in Australia's national interest.

Why do we have a defence relationship with Indonesia?

7. Australia's defence relationship with Indonesia is an important element of the overall bilateral relationship and supports the achievement of key strategic and national interests. As stated in the White Paper, Indonesia's large size relative to the region increases its potential to influence regional stability and security. Indonesia's geography also increases its strategic importance to Australia; not only is Indonesia close to Australia, but much of our external trade passes through the Indonesian archipelago. On top of these considerations, at any time many thousands of Australians can be in Indonesia, with their safety and security being dependant upon the ability of Indonesian authorities to maintain internal stability.

8. In recognition of these key Australian national interests in Indonesia, and the critical role of internal stability in maintaining those interests, a key aim in our defence relationship is to encourage a stable long-term future for Indonesia. Consequently, Australia is focussing on developing the bilateral Defence relationship in such a way that it will facilitate our capacity to cooperatively

address any issues that may arise. The defence relationship contributes to this aim by encouraging high level visits and strategic level dialogue, as well as personal contacts and professional interactions at all levels. We also encourage the Indonesian National Military (*Tentara Nasional Indonesia – TNI*) to play an appropriate role in the future of Indonesia, underpinned by good governance, and characterised by professionalism, respect for the rule of law, and responsiveness to government direction.

9. The 12 October 2002 Bali terrorist attack further highlighted the importance to Australia's strategic interests of stability in Indonesia. A stable and strong Indonesia is better positioned to respond to the threat of regional terrorism than an unstable and fragile Indonesia. Our engagement with the TNI, one of Indonesia's most important national institutions, emphasises our strong interest in assisting the stability of Indonesia. We will continue to work with Indonesia to respond to the shared threat of terrorism, and our continued engagement with the TNI (which has the best counter-hijack capability in Indonesia) is an important component of that bilateral cooperation.

10. It is important to note that these interests are relatively enduring, and are not altered as a result of changes in the Indonesian Government's policy or domestic circumstances. Because our strategic interest in Indonesia is enduring, our interest in maintaining a defence relationship is also enduring. While aspects of the relationship might need to be adapted from time-to-time due to circumstances, the underlying rationale for having a relationship (i.e. the protection of Australia's strategic interests) will continue.

What benefit has the defence relationship provided to Australia?

11. The defence relationship has delivered significant benefits for Australia, particularly in the areas of operational access, maritime surveillance, cooperation on evacuation planning, and access to decision-makers at critical times. Interestingly, the defence relationship provided a basis for cooperation during the East Timor crisis. By way of example, the TNI provided access for visits to East Timor by Australian Defence staff in Jakarta to help prepare for the successful deployment of INTERFET, and assisted with the evacuation of UNAMET personnel and internally displaced persons from Dili to Darwin. More generally, the TNI helped in establishing the generally cooperative and business-like relationship with INTERFET during the East Timor deployment.

12. In recent months, our defence relationship with Indonesia has helped lay the groundwork for successful cooperation to confront the shared threat of international terrorism. The defence relationship helped secure the ready and valuable cooperation of the TNI in the immediate aftermath of the Bali bombing, including support for the successful medical evacuation operation.

13. The defence relationship has been able to deliver these benefits as a result of personal bonds between members of the TNI and the Australian Defence

Force. These personal links, developed through cooperative defence engagement, form the basis of the rapport between our two defence forces. At periods of stress in the relationship, such as during the East Timor crisis, it is the personal relationships that help to understand each other's perspectives, defuse misunderstandings, and ensure that mutual objectives can be achieved. Investing in the building of relations between members of the ADF and the TNI is necessarily a long-term effort, but an investment which pays dividends in times of need.

14. The defence relationship also provides us with the opportunity to discuss matters of interest with the TNI. We derive benefit from this as Australia and Indonesia have shared interests in ensuring a stable region; we therefore value the opportunity to exchange views on contemporary (and particularly regional) security issues, especially at the present time with the common threat from international terrorism.

15. There is value too in exchanging views on a range of professional issues of mutual interest, for example organisational change and reform, and human rights. Our messages on these issues are more easily passed and discussed with our Indonesian counterparts as a result of the existence of defence relations.

16. Finally, it is also important to have mechanisms in place and to be well practised to cooperate operationally in order to be able to deal with common concerns. Should circumstances arise where the ADF and the TNI need to cooperate, experience at working together is vital in ensuring success. Hostage recovery, counter-hijack and maritime cooperation are areas where such cooperation could serve important Australian interests. Past examples where our cooperative experience have assisted the ADF and TNI to operate together effectively include the drought relief operations conducted in Papua (then Irian Jaya) in 1997-98.

The current state of the Australia-Indonesia defence relationship

17. The crisis over East Timor had a major impact on the defence relationship. As a result of the crisis many of the combined activities previously undertaken were scaled down or cancelled. But at no time were defence links severed. Joint exercises and special forces activities have not been conducted since before the East Timor crisis, but we have continued to welcome Indonesian participation in staff college courses and have continued the program of providing Indonesian military and civilian security officials with scholarships to study in Australia. Defence Attache staff remained in place in both Canberra and Jakarta. Similarly, ADF members have continued to attend staff colleges in Indonesia, and the ADF Nomad maintenance advisory team has remained at the Naval air station at Surabaya. However, the East Timor crisis reduced the level of mutual confidence in the defence relationship.

18. The Defence 2000 White Paper states the government's commitment to work with the Indonesian Government to establish over time a defence relationship that will serve our enduring shared strategic interests. In recognising that the defence relationship supports our enduring interests, the Government has directed that Defence seek to further restore confidence in the defence relationship through senior level dialogue and increasing the level of training and advisory assistance provided to the TNI. Recognising that confidence in the defence relationship will not be restored immediately, the Australian and Indonesian Governments have agreed that close consultation will continue to ensure that the defence relationship develops at a mutually agreed pace and direction.

The MOU on Combating International Terrorism

19. The Memorandum of Understanding between Australia and Indonesia on Combating International Terrorism was signed during the Prime Minister's visit to Jakarta between 6 – 8 February 2002. The MOU has recently been extended until February 2004. In the MOU the Australian and Indonesian Governments acknowledge the threat that international terrorism poses to regional stability, and the importance of international cooperation in countering this threat. The MOU states the intentions of both governments to enhance counter-terrorism cooperation between the officials of defence, security and law-enforcement agencies of the two governments.

20. The initial focus and action of cooperation under the MOU was on information sharing and national and bilateral consultations among relevant agencies. A good example of the cooperation being undertaken is the information analysis training provided to Indonesian analysts. Based upon the initial success of this training, Defence will continue to provide information analysis training to Indonesia, and will continue regular exchanges of views between our two intelligence agencies.

21. Following the Bali terrorist attack, the MOU provided the framework for the formation of the Joint Investigation and Intelligence Team. The primary focus of the Team is on the efforts of law enforcement officials to bring those responsible for the attack to justice.

22. Recent Government guidance has enabled Australia to begin discussing with Indonesia how best to resume limited defence cooperation to combat terrorism, specifically in the areas of hostage recovery and counter-hijack. This is part of Australia's whole-of-government counter-terrorism cooperation with Indonesia and will complement the effective cooperation which is already occurring between police, immigration and intelligence organisations under the MOU.

Defence Engagement between Australia and Indonesia

23. Our defence engagement with Indonesia ranges from high level visits, strategic dialogue, staff college instructors and student exchanges, individual training and education, staff-level exchanges on matters of mutual professional interest, and ship and aircraft visits. Many of these activities are funded by Australia either through Service groups or the Defence Cooperation Program. The expenditure of the Defence Cooperation Program varies from year to year according to the program of activity, however it is planned to spend approximately \$5.2 million in 2002-03. Historical details of this expenditure are contained in Annex A.

24. A long standing component of defence engagement with Indonesia is the provision of support for the TNI Navy Nomad aircraft based in Surabaya, including the provision of 3 ADF personnel to advise on maintenance issues. The project started in 1990 and remained in place throughout the East Timor crisis.

25. Other engagement activities include:

- English language training;
- Postgraduate scholarships for TNI officers and civilian defence officials;
- Maritime strategic studies course delivered at the TNI Navy staff college;
- Maritime surveillance courses and seminars;
- Logistics and health specialist training;
- Navy junior officer non-combat related training;
- Peace operations and defence management seminars;
- Aircraft engineer training and aircraft maintenance; and
- Attendance at relevant seminars and conferences.

26. In 2002-03 about 93 Indonesian military and civilian personnel are expected to participate in attachments, training and education activities in Australia (currently 37 Indonesians are in Australia). There are 9 ADF personnel (in addition to embassy defence staff) working with the TNI in Indonesia including exchange officers, the Nomad maintenance team, and students attending Indonesian staff colleges. Details of personnel attachments, are contained at Annex B.

27. The Royal Australian Navy has regularly conducted port visits in Indonesia, either during transits through to other South-East Asian countries, or as a scheduled bilateral port visit. Temporary restrictions on Defence travel to Indonesia, based on security concerns, have suspended these visits since October 2002, but they are expected to re-commence when the security situation improves. Details of port visits by the Royal Australian Navy to Indonesian ports are contained at Annex C.

28. The Royal Australian Air Force also transits through Indonesia, conducting approximately 200 transits per annum. These transits include approximately 75 landings per annum for re-fuelling.

In summary

29. The terrorist attack in Bali has highlighted Australia's strategic interest in a stable Indonesia which can address the threat of international terrorism. The Australia-Indonesia defence relationship provides a framework for us to engage with the Indonesian military, the country's predominant national institution.

30. The defence relationship will continue to progress at a pace, and in directions, which are agreed by both governments. The maintenance of the defence relationship will remain an objective of the Australian Government, in recognition that whatever Indonesia's domestic circumstances, our strategic interests in Indonesia remain enduring.

**DEFENCE CO-OPERATION PROGRAM EXPENDITURE
1992-93 TO 2002-03**

Financial year	Total \$m
1992-93	3.041
1993-94	2.448
1994-95	4.296
1995-96	6.058
1996-97	5.429
1997-98	5.300
1998-99	6.014
1999-2000	5.234
2000-01	3.335
2001-02	5.132
2002-03*	5.155

Sources: Defence Annual Reports and the *Portfolio Additional Estimates Statements 2002-03*.

* Anticipated expenditure for 2002-03 - *Portfolio Additional Estimates Statement 2002-03* figure.

**EXCHANGE/ATTACHMENTS/TRAINING
IN AUSTRALIA/INDONESIA
AS OF 24 March 2002**

Indonesians in Australia	Australians in Indonesia
Defence International Training Centre – Australian English Learning Methods Officer (2 year exchange position)	PUSBASA – Indonesian English Language Training School (2 year exchange position)
Aerospace Centre/Australian Command and Staff College Instructor (2 year exchange)	RAAF Instructor at Indonesian Command and Staff College (SESKO) - Air Force stream (2 year exchange)
3 x Australian Command and Staff Course students – one each stream (Navy, Army and Air Force)	1 student at SESKO-Army 1 student at SESKO-Navy 1 student at SESKO-Air Force
3 x Defence Strategic Studies Course (DSSC) students (one offered to each Service)	3 x ADF personnel comprising the Nomad Maintenance Team – providing technical and logistical support for the Indonesian Navy Nomad Maritime Surveillance Aircraft
16 x Defence Post Graduate Scholarship students	1 student at Senior Staff College - Navy
4 x students attending Defence International Training Centre - Methodology of English Language Teaching Course	
2 x students attending Defence International Training Centre – Australia Military Familiarisation	
2 x Army students Intermediate Staff Course	
5 x students attending the Defence Management Seminar	

Royal Australian Navy Ship Visits 2001 & 2002

DATE OF VISIT	NAME(S) of Ships/Type of Ship	Port visited
2 - 4 May 2001	HMAS Geraldton Fremantle Class Patrol Boat	Benoa harbour - Bali
28 June - 2 July 2001	HMAS Huon and HMAS Hawkesbury Mine Countermeasures Vessels	Surabaya
27 July - 3 Aug 2001	HMAS Leeuwin Survey Ship	Benoa harbour - Bali
25 Sept 2001	HMAS Adelaide Guided Missile Frigate	Banten
2 - 4 May 2002	HMAS Westralia Underway Replenishment Ship	Benoa harbour - Bali
12-17 June 2002	HMAS Benalla and HMAS Shepparton Survey Motor Launches	Benoa harbour - Bali
21-23 June 2002	HMAS Success Auxiliary Oiler Replenishment Ship	Jakarta
3 - 5 July 2002	HMAS Leeuwin Survey Ship	Kendari
16-19 August 2002	HMAS Diamantina and HMAS Norman Mine Hunter Coastal	Jakarta
24 - 25 August 2002	HMAS Cessnock HMAS Geelong Fremantle Class Patrol Boats	Surabaya