

Chapter 1

Introduction

Australia has seriously neglected the Indian Ocean Region. Australia often forgets that it is a three-ocean country. It rediscovers the Indian Ocean at roughly fifteen year intervals.¹

Terms of reference

1.1 The inquiry into the significance of the Indian Ocean rim to Australia's foreign, defence and trade policy was referred to the Senate Foreign Affairs, Defence and Trade References Committee (committee) on 24 November 2011, for inquiry and report by 1 November 2012.² On 1 November 2012, the Senate granted an extension of time to report until 16 May, which was subsequently extended to 17 June 2013.³

1.2 The following terms of reference were referred to the committee:

The importance of the Indian Ocean rim for Australia's foreign, trade and defence policy, with particular reference to:

- (a) trade and tourism opportunities for Australia, including the role of free trade agreements;
- (b) Australian mineral exports, including competition and synergies in the region;
- (c) strategic developments in the Indian Ocean, including growing naval influences and defence postures and their implications for Australia and the region more generally;
- (d) the Indian Ocean Rim Association and any other relevant bodies and their future directions; and
- (e) other relevant matters.

Conduct of inquiry

1.3 The committee advertised the inquiry on its website and in print publications, including major newspapers. It also wrote to relevant ministers and departments calling for written submissions, and contacted a number of other organisations, commentators and academics inviting them to make submissions to the inquiry. Further invitations for submissions and reminder letters were sent to departments, relevant organisations, commentators and academics in February 2012. The committee also used the Senate's twitter account to advertise the inquiry by publishing tweets about the submission deadline and public hearings.

1 Dr Sam Bateman, Dr Anthony Bergin and Professor Russell Trood, *Submission 21*, p. 3.

2 *Journals of the Senate*, 24 November 2011, p. 1936.

3 *Journals of the Senate*, 1 November 2012, p. 3241.

1.4 The committee received 44 submissions, including two confidential submissions. Submissions are listed at Appendix 1 and public submissions are available on the committee's website at: www.aph.gov.au/senate_fadt.

1.5 The committee held public hearings on 17 August 2012 (Canberra), 2 October 2012 (Perth), 5–6 December 2012 (Canberra), and 22 March 2013 (Canberra).

1.6 The 17 August 2012 public hearing included a roundtable to allow active discussion between academics and commentators. Participants in the roundtable were:

- Dr David Brewster (Strategic and Defence Studies Centre, Australian National University)
- Professor Peter Drysdale (College of Asia and the Pacific, Australian National University)
- Professor Andrew MacIntyre (College of Asia and the Pacific, Australian National University)
- Dr Andrew Phillips (University of Queensland)
- Dr Brendan Taylor (Strategic and Defence Studies Centre, Australian National University)
- Dr Auriol Weigold (University of Canberra)

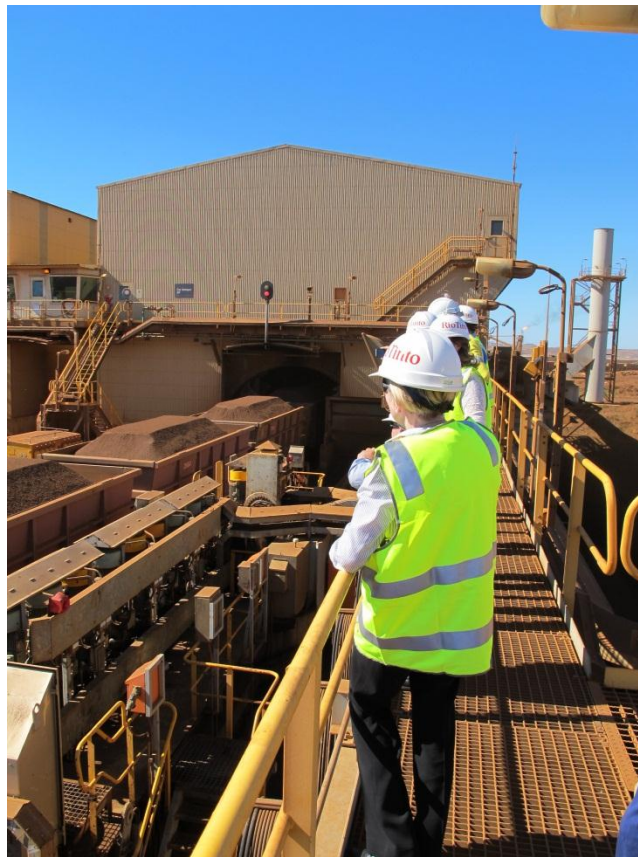
1.7 A list of the witnesses who appeared at the public hearings is at Appendix 2, and the *Hansard* transcripts are available through the committee's website.

Visit to the Pilbara

1.8 The committee also visited the Pilbara region, including Karratha, Exmouth, Dampier and Port Hedland, between 21 and 24 April 2013. During the four days, the committee held a round table discussion with local councils and spoke to industry and Defence personnel. Committee members flew over some of the offshore oil and gas resource installations in the Indian Ocean, inspected a number of defence and mining facilities and toured both Dampier Port and Port Hedland. The visit enabled the committee to appreciate the scale of mining operations in the Pilbara and the logistics of moving huge amounts of ore, other minerals and gas from production sites through the ports to exports markets in Asia. One industry representative even spoke of 'industry tourism' as an emerging business. The visit also allowed the committee to gain an understanding of the remoteness and isolation of the region and its strategic significance.



The committee held a round table at Karratha with Mr David Parker (Apache Energy Pty Ltd), Mr John Verbeek (Shire of Roebourne), Mr Tony Friday (Pilbara Regional Council), Mr John Lally (Karratha and District Chamber of Commerce and Industry), Councillor Bill Dziombak (Town of Port Hedland), Mr Eber Butron (Director Planning and Development, Town of Port Hedland), Ms Felicity Gilbert (Pilbara Development Commission).



At the Rio Tinto site, the committee observed two trains up to 2.5 kilometres long off-load iron ore from its trucks ready for transport to overseas markets.

1.9 Some members of the committee continued on to Broome and on 26 April had meetings with the Broome Port Authority, the Kimberly Development Commission and the President of the Broome Town Council covering themes similar to those raised in the Pilbara.

Background to inquiry

1.10 The Senate referred the terms of reference to the committee at a period of growing awareness of the geo-strategic significance of the Indian Ocean and its increasing importance to world trade, food security and its consumption and supply of energy. Also, Australia had just assumed the vice chair of the Indian Ocean Rim Association Regional Cooperation (IOR-ARC), the only forum for cooperation covering the Indian Ocean rim, and was due to become its chair in 2013.

1.11 At the time, the then Minister for Foreign Affairs captured the Australian Government's developing interest in the region. He highlighted the many opportunities on offer for Australia to 'deepen and broaden' its economic engagement with countries in the region—in trade, investment and development cooperation. The Minister drew attention to the need to ensure that countries in the region take 'proper care' of the Indian Ocean—of harnessing its resources in a sustainable fashion. Finally, he referred to the importance of maintaining freedom of navigation and to deal with serious challenges, such as piracy, to the safe passage of vessels through the Indian Ocean.

1.12 The committee's terms of reference picked up on all these themes. Also, in response to the heightened threats from international terrorism and piracy, the Australian Government had commissioned the 'first ever comprehensive review' into the security of Australia's offshore oil and gas facilities—most of which are located in the north west of Australia. The Office of the Inspector of Transport Security conducted this inquiry, which presented a report in June 2012.

1.13 In light of developments in the region, the committee's inquiry was both timely and, with Australia taking on a leadership position in IOR-ARC, important.

Structure of report

1.14 In order to gain a better understanding of the challenges facing the region and the opportunities it presents to Australia, the committee has re-arranged its consideration of the terms of reference into 4 broad parts.

- Part I looks at the regional architecture in the Indian Ocean region with a focus on IOR-ARC—its origins, evolution over 16 years, relationship with other regional groupings, contribution to promoting cooperation in the region and its future prospects. The committee explores the opportunities for strengthening the association, especially through Australia's leadership role as chair of the association.
- Part II considers Australia's engagement with the countries of the Indian Ocean rim through humanitarian and development assistance, disaster relief and capacity building. It looks at food security including fisheries

management, scientific collaboration and at efforts to assist the resource rich developing countries unlock their potential.

- Part III examines defence and maritime security issues in the region—including Australia's defence presence in the north west of the country, the security of critical infrastructure including the oil and gas installations off Australia's west coast and the threats posed to shipping transiting the Indian Ocean.
- Part IV explores the business, trade and investment opportunities for Australia, including in the export of services, tourism and mining, in the Indian Ocean region as countries around the rim continue to develop and grow their economies.

1.15 The committee concludes its report by drawing together the main themes in its report and summarises its recommendations.

Acknowledgements

1.16 The committee thanks all those who assisted with the inquiry. In particular, the committee wishes to acknowledge the great assistance of the Pilbara Development Commission (especially Ms Felicity Gilbert and Ms Carolyn Biar), and the support from Defence, the Pilbara cities communities and local government, and industry in its visit program to the Pilbara in April 2013.

