



**Parliament of Australia**

**Parliamentary Delegation  
to the  
Republic of Indonesia**

**29 July–4 August 2018**

Commonwealth of Australia 2018

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## **Members of the Delegation**

### **Leader of the Delegation**

Mr Ken O'Dowd MP  
Member for Flynn  
The Nationals

### **Delegates**

Ms Sharon Claydon MP  
Member for Newcastle  
Australian Labor Party

Senator Patrick Dodson  
Senator for Western Australia  
Australian Labor Party

Senator Dean Smith  
Senator for Western Australia  
Liberal Party of Australia

### **Official**

Ms Paula Waring  
Delegation Secretary



## Delegation to Indonesia

The parliamentary delegation to Indonesia visited Jakarta from 29 July to 1 August and the province of South Sulawesi from 1 to 4 August. In South Sulawesi the delegation visited the provincial capital Makassar and the surrounding districts of Maros and Pangkep, allowing the delegation to see firsthand the regional development challenges and opportunities facing eastern Indonesia.

The objectives of the visit were to gain a better understanding of opportunities to strengthen trade and economic cooperation and cultural and people-to-people links as well as Australia–Indonesia development partnerships for health, education, democratic governance and social inclusion.



*From left: Mr Aryo P.S. Djohadikusumo, Ambassador to Indonesia His Excellency Mr Gary Quinlan, delegation leader Mr Ken O'Dowd, Dr H. Jazuli Juwaini, Senator Dean Smith, Ms Sharon Claydon, Mr H. Syaifullah Tamliha, Senator Patrick Dodson and Ms Lena Maryana Mukti*

## The Australia–Indonesia relationship

Australia has a strong relationship with President Widodo and the Indonesian Government, with strong cooperative projects particularly in the areas of counter terrorism and security.

There is potential to further develop the trade and investment relationship given the size of Indonesia's economy and its proximity to Australia. Indonesia was Australia's 13<sup>th</sup>

largest trading partner in 2017, representing 2.2 per cent of Australia's total trade.<sup>1</sup> Australia's main exports to Indonesia include wheat, crude petroleum, live cattle and sugar, with Indonesia exporting primarily crude and refined petroleum, wood and footwear and other manufactured goods to Australia. Australian investment in Indonesia in 2016 was \$9.2 billion and Indonesian investment in Australia \$1.2 billion.

A free trade agreement, the Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA) is in the final stages of negotiation and will set the groundwork for a stronger economic relationship into the future.

Australian Government developmental assistance to Indonesia is estimated to be \$316.2 million in 2018–19, of which \$266.4 million will be managed by the Department of Foreign Affairs and Trade.<sup>2</sup>

Australia works in partnership with Indonesia to assist it to reach its development goals of creating jobs, growing the economy and improving the health and education of its population. Much of the emphasis is on capacity building through the provision of training and technical expertise and supporting administrators to make good policy. Poverty reduction and social inclusion programs are aimed at maximising the range of people able to contribute to decision-making and benefit from Indonesia's economic growth.

While substantial gains have been made in addressing inequality in Indonesia, some 26 million people (9.8 per cent of the population) live below the national poverty line, with another 62 million people considered to be economically vulnerable.

<sup>1</sup> Department of Foreign Affairs and Trade, Republic of Indonesia country brief, July 2018, p. 1.

<sup>2</sup> Department of Foreign Affairs and Trade, Republic of Indonesia country brief, July 2018, p. 7.

There are large regional disparities in wealth with eastern Indonesia, especially Papua and West Papua, experiencing the highest poverty rates. Stunting, caused by malnutrition, affects over 37 per cent of children under five years old.<sup>3</sup>

People-to-people links between Australia and Indonesia are strong but uneven. While Indonesia is the second most popular overseas destination for Australian tourists (with approximately 1.2 million Australians having visited Indonesia in 2016), Australian tourism is still overwhelmingly concentrated on Bali.<sup>4</sup> Relatively few Indonesians travel to Australia.

Education (valued at \$802 million) is Australia's key service export to Australia with some 14,000 of Indonesia's foreign scholars choosing to study in Australia. The Australian Government's New Colombo Plan in 2014–19 will support nearly 7,000 Australian students to study and work in Indonesia.<sup>5</sup>

### **Trade and economic cooperation**

The delegation met with business representatives from the beef and wheat industries—sectors comprising two of Australia's largest exports to Indonesia. The visits provided valuable perspectives on the price, marketing and regulatory challenges in trading with Australia.

### **Cattle exports**

Indonesia is Australia's largest market for live cattle, taking 50 to 60 per cent of cattle exported. The delegation visited a cattle feed lot and abattoir operated by PT Tanjung Unggul Mandiri (TUM), 37 kilometres

northwest of Jakarta. TUM commenced importing cattle from northern Australia in 2001, peaking in 2014 with 92,000 head of cattle. Cattle are bought weighing about 320 kilograms and are fed for 120 days before slaughter.

Matters discussed with TUM owner Mr Buntoro Hasan and company managers included:

- efforts by the Indonesian government to achieve self-sufficiency in meat production
- the requirement to import one animal for breeding for every five animals for feed lotting
- the relatively low consumption of beef in Indonesia
- buffalo meat flooding the market and lowering the price of beef
- the Indonesian government view that Australia unfairly monopolises the market and
- the role of TUM in training traders in animal welfare and investing in and upgrading their equipment.



*The delegation visit to the TUM feed lot*

The visit was a valuable opportunity for the delegation to understand the extent to which price is a sensitive political issue in Indonesia and its effect on imports. Factors driving the pricing mechanism in Australia such as drought were reported to be poorly understood in Indonesia.

<sup>3</sup> Department of Foreign Affairs and Trade, *Poverty and inequality in Indonesia*, July 2018.

<sup>4</sup> Department of Foreign Affairs and Trade, Republic of Indonesia country brief, July 2018, p. 4.

<sup>5</sup> Department of Foreign Affairs and Trade, Republic of Indonesia country brief, July 2018, pp. 9, 11.

The delegation heard that there is a strong commitment to uphold the Australian government's Exporter Supply Chain Assurance System (ESCAS). Given the investment in ESCAS and success in its implementation, the delegation was concerned to hear that there is resistance in Indonesia to the prospect of a switch to the industry Livestock Global Assurance Program (LGAP). The delegation was pleased to receive prompt follow-up on this issue by the Australian Livestock Exporters' Council and the Department of Agriculture and Water Resources.

### ***Wheat processing***

The biggest Australian export to Indonesia is wheat. PT Eastern Pearl flour mill in Makassar is part owned by Western Australian grain cooperative CBH Group. With port facilities located alongside, 600 employees in its two Makassar facilities and combined production of 2,650 metric tons per day, Eastern Pearl is the third largest mill in Indonesia.<sup>6</sup>



*Delegation members with General Manager Maximilian Bresslauer (centre) and other staff of PT Eastern Pearl Flour Mills*

In a tour of the mill and batch testing kitchen general manager Max Bresslauer informed the delegation that the mill imports 30 to 40 per cent its wheat from Western Australia (depending on price) and distributes its product primarily to eastern Indonesia. While

wheat is also imported from Canada and the Dead Sea Region, the delegation was interested to hear that Australian wheat is particularly prized for noodle manufacturing.

### ***Business opportunities in South Sulawesi***

The visit to South Sulawesi impressed on the delegation the economic opportunities in regional Indonesia. The opening of the Australian consulate in Makassar in 2016 recognised South Sulawesi's growing importance to Australia as a destination for tourism and trade and investment in resources, agribusiness and food processing. Makassar is a commercial hub and gateway to the eastern islands.

In Makassar the delegation spoke to the Australian construction manager for Vena Energy's 72 MW Tolo 1 Wind Farm in Juneponto who explained that doing business successfully in Indonesia first required building relationships with communities and learning about Indonesia's many cultures. Corporate Social Responsibility activities such as providing school books and vocational training and building kindergartens and women and children's medical centres are part of the social dimensions of running large-scale business projects in Indonesia.

In its meetings with the Mayor of Makassar and district political leaders, the delegation found both a desire and practical measures to position the region for economic growth and investment and to foster closer relationships with Australia.

### ***Developmental partnerships***

The delegation benefitted from extensive meetings, briefings and site visits on Australia's developmental partnerships in Indonesia.

The delegation was fortunate to meet with the Minister for National Development Planning, Dr Bambang Brodjonegoro, and

<sup>6</sup> <http://www.interflour.com/en/our-business/flour-milling/pt-eastern-pearl-flour-mills>.



other officials from the ministry (BAPPENAS) in a wide-ranging discussion. Priorities for Australian development assistance identified by Dr Brodjonegoro included:

- education (especially building Indonesia’s human resource capacity by vocational education and increasing skills to compete in the labour market)
- health (including HIV, mother and infant mortality and services to remote locations) and
- infrastructure, including basic sanitation, housing, roads and irrigation.

Regarding rural development, the delegation learnt that Australia and Indonesia are working together on the PRISMA program to empower and increase the prosperity of smallholder farmers by exchanging technical knowledge and assisting them to access new markets. Australian skills in ‘corporatising’ farming were identified by Dr Brodjonegoro as especially valuable to Indonesia.

### **Poverty among the elderly**

Australia supports the Vice President’s National Team for the Acceleration of Poverty Reduction (TNP2K) to improve the effectiveness of national social assistance programs. A significant gap in social protection in Indonesia is for the elderly, around 85 per cent of whom have no income security.<sup>7</sup>

The delegation participated in a seminar with policymakers, academics and others on poverty among the elderly to share views and information on Australia’s age pension and to discuss policy and program options for the adoption of a similar scheme in Indonesia.

<sup>7</sup> Sekretariat Tim Nasional Percepatan Penanggulangan Kemiskinan (TNP2K), *Implementing social protection for the elderly in Indonesia*.

### **Urban communal sanitation**

An urban communal sanitation project in the village of Duri Utara in West Jakarta was inspected by the delegation. The pilot project, connecting over 400 residents to two communal septic tanks, was funded by the Australian government through a \$200,000 ANCP (Australia’s NGO Cooperation Program) grant to Plan International Indonesia. Additional households have taken up individual toilets and septic tanks.

Led by the village chief Mr Denny Aputra, the delegation spoke to residents of the densely populated area about their participation in the project and its health, environmental and urban amenity benefits to the community.



*The delegation’s visit to Duri Utara in West Jakarta*



### **KOMPAK development program**

KOMPAK (Governance for Growth) is an \$80 million program over three years to support the Indonesian government to reduce poverty and improve access to basic services.



Fifty kilometres north of Makassar in the district of Pangkep, the delegation visited the Bungoro community health centre and sub-district office. Hosted by the Bupati (district head) of Pangkep Mr H. Syamsuddin A. Hamid and head of the health facility Mr Muhammad Yamin, the delegation discussed the technical assistance provided by KOMPAK in training staff to improve service delivery in health and nutrition, and in helping people obtain identity documents needed to access government services.

The delegation was touched by the warm welcome they received from the health centre staff and community and impressed by the standard of the facilities and the pride and professionalism of the staff.

On hearing of the vast geographical distances of the Pangkep district, including many islands accessible only by boat, the delegation was able to see parallels with and opportunities for Australia in assisting in delivering services to remote communities.



*Visit to the Bungoro community health centre and sub-district office, Pangkep*

### **Programs for women**

MAMPU, the Australia–Indonesia Partnership for Gender Equality and Women’s Empowerment, has sought to increase the participation of women in community

decision-making by supporting local groups in 1,800 villages.<sup>8</sup>

In the district of Maros, the delegation met the Deputy Bupati (district chief) of Maros Drs H. A. Harmil Mattotorang and representatives of the local office for women’s empowerment and child protection. Matters discussed included measures to prevent child marriage, the role of MAMPU in assisting the district to draft policies on violence against women and children, and the participation of women in the district’s sustainable development goals.

Women comprise 20 per cent of the Maros DPR-D (People’s Representative Council). In a visit to the DPR-D chamber presided over by the Chair (speaker) Mr A. S. Chaidir Syam, the delegation heard from female parliamentarians who had used their influence to consult the community and draft by-laws to reflect the aspirations of women and children. MAMPU’s work to strengthen parliament in Maros was acknowledged by the parliamentarians to include convening workshops, training in public speaking and legal drafting.



*Visit to the DPRD chamber, District of Maros*

While parties contesting seats in Indonesia must include at least 30 per cent female candidates, the delegation heard that female candidates sometimes received less party support and finances to conduct their

<sup>8</sup> Australian Government, *Australia’s development partnership with Indonesia*, p. 4.

campaigns. The apparent reluctance of women in South Sulawesi to support female candidates was another source of frustration.

### ***Human rights, tolerance and inclusion***

The delegation met with representatives of civil society groups concerned with human rights, the death penalty, HIV and drug policy, LGBT rights, violence against women and religious freedom to discuss the challenges for civil societies pushing for social inclusion and human rights in Indonesia.

Issues raised in the frank and open discussions included the need for evidence-based social policy, the right of all citizens to access to services, the vital role of civil societies in advocating for marginalised groups and the move towards greater social conservatism and religiosity in Indonesia, especially in the lead-up to national elections in 2019.

Also discussed were concerns over proposed changes to the Penal Code including provisions criminalising homosexuality, adultery and cohabitation before marriage.

### ***Asbestos-related health issues***

While not a development partner, the delegation met informally with representatives from the Local Initiative for Occupational Safety and Health Network (LION) to learn about health issues in Indonesia resulting from asbestos products.

Discussions focused on the continued importation of raw asbestos from Russia and China and its manufacture into roofing materials in Indonesia for use in schools, hospitals and other buildings. The delegation also heard of the poor working conditions for asbestos workers in Indonesian factories.

Issues contributing to LION's difficulties in having asbestos made a prohibited material included the lack of information on the dangers of asbestos, the misdiagnosis of

asbestos-related lung conditions by the medical profession and the success of only one asbestos disease injury compensation case in the Indonesian courts.

The delegation heard that Australia had requested that asbestos be banned in two current sanitation and wastewater infrastructure projects—the Palembang City Sanitation Project and the Australia Indonesia Infrastructure Grant for Municipal Sanitation. The delegation strongly endorsed Australia continuing to stipulate that no asbestos products be used in projects in partnership with the Indonesian government.

### **Parliamentary links**

Throughout the visit to Indonesia, the delegation met with parliamentarians and officials at the national, provincial, district (regency), city and village level.

Discussions with national parliamentarians and representatives of political parties centred upon the upcoming simultaneous presidential and legislature elections to be held in April 2019. The delegation was also briefed on the progress of an Australia–Indonesia memorandum of understanding on parliamentary cooperation.



In a meeting with the speaker of the Provincial Parliament (DPR-D) of South Sulawesi, Mohammad Roem, and deputy chairs, the delegation was pleased to hear of the peaceful conduct of the recent regional

head elections and the growing maturation of democracy in South Sulawesi.



*Chair of the Provincial Parliament of South Sulawesi, Mohammad Roem, with Senator Patrick Dodson and Ms Sharon Claydon*

In a visit to Makassar City Hall, the Mayor of Makassar, M.R. 'Danny' Pomanto, expressed a wish to establish a sister city relationship with Australia. Given the long history of trading links between Makassar and northern Australia, the delegation agreed that a formal link with a northern Australian city such as Broome could be an appropriate way to further strengthen a deep cultural bond.



*Mayor of Makassar Ir. H. Mohammad Ramdhan Pomanto with delegation members*

The delegation also benefitted from independent analysis of the Indonesian political system and recent elections from academics at Hasanuddin University and Makassar Islamic University. Matters discussed included sources of campaign money, parties demanding payment for support, whether regional heads should be directly elected or chosen by the elected

representatives, consensus-based decision-making, the role of the military in Indonesian political life and Indonesian perspectives on Timorese independence.

### **Cultural and people-to-people links**

A number of cultural links between Indonesia and Australia were explored by the delegation in Jakarta and South Sulawesi.



*Ms Sharon Claydon with a batik commissioned by the Australian Embassy as a collaboration between the Yirrkala Arts Centre and a traditional batik business in Pekalongan in Central Java. The batik depicts historical links between the Yolngu people of northeast Arnhem Land and Makassar traders.*

### **Textiles exhibition**

At the exhibition 'Encounters with Bali' at the Jakarta Textiles Museum, the delegation viewed Indonesian textiles collected by Australians Dr John Yu AC and Dr George Sutter AM over a thirty-year period. The exhibition is a collaboration with the Mosman Art Gallery in Sydney.

The delegation was fortunate to receive a person tour of the exhibition by Head of



Information and Education Mrs Misari and museum guides.



*The delegation with museum staff at the Jakarta Textiles Museum*

### **Leang-Leang caves visit**

Accompanied by Associate Professor Adam Brumm from Griffith University, the delegation visited a rock art site, Leang Timpuseng. This cave contains a depiction of a native pig dated to at least 35,400 years old and the oldest known hand stencil in the world, dated at 40,000 years.



*Excavation at Leang Bulu Bettue*

The delegation also visited an archaeological excavation at Leang Bulu Bettue conducted in conjunction with Hasanuddin University in Makassar and the National Archaeological Society. The delegation heard that deposits in the cave date back 20,000 years to the last phase of the ice age. The researchers hope to find evidence of whether the inhabitants of the caves are related to the first Australians.

### **Alumni relations**

Meeting Australia Awards Indonesia alumni gave the delegation an opportunity to observe the enduring value to the Australia–Indonesia relationship of Indonesian students' experiences living and studying in Australia. Guest speaker at the event was Dr Laode Syarif, Vice Chairman of Indonesia's internationally respected Corruption Eradication Commission. The Australian delegation shared observations on public accountability mechanisms in Australia.

Delegates also met Australian New Colombo Plan students currently studying and undertaking internships in Indonesia. The delegation learnt that Indonesia is the most popular destination for Australian New Colombo Plan students and was impressed with these enthusiastic and articulate young Australian ambassadors.

In Makassar, the delegation met with members of the Makassar Women Leaders Forum for discussions on issues for women in Australia and Indonesia and multi-faith tolerance and understanding. Many of the Forum's members had travelled to Australia as recipients of the Australia Awards short course on leadership development for Islamic women. The delegation was inspired to meet women who were leaders and role models in their fields applying what they had learnt to actively improve social conditions for women of all faiths.



*The delegation with the Makassar Women Leaders Forum*

## **Acknowledgements**

Warm thanks are extended to the many people in Indonesia who generously gave up their time to meet with the delegation, exchange views and share their expertise.

The delegation wishes to acknowledge the work of staff of the Department of Foreign Affairs and Trade (DFAT) in Canberra and in Indonesia. The delegation greatly appreciated the briefing and guidance of agency heads, counsellors and other officers throughout the visit. In particular the delegation wishes to acknowledge the assistance of His Excellency Mr Gary Quinlan, Deputy Ambassador Allaster Cox and Consul-General Richard Mathews. Thanks are also due to the many DFAT staff who provided an exceptional level of logistical support to us upon arrival, during the visit and at departure.

The delegation was able to rely on briefing materials prepared by the Parliamentary Library and acknowledges the work of Ms Cat Barker, Ms Cathy Madden, Dr Cameron Hill, Mr Shaun Crowe and Dr James Haughton. The delegation also thanks Mr Raymond Knight and Ms Fiona Way from the International and Parliamentary Relations Office who arranged travel and accommodation for the travelling party.

*Mr Ken O'Dowd MP  
Delegation Leader*

## **Program of the Parliamentary Delegation to Indonesia**

**29 July–4 August 2018**

### **Sunday 29 July**

- Arrival in Jakarta

### **Monday 30 July**

- Briefing from Australian Embassy staff at embassy
- Lunch with Indonesian parliamentarians and representatives of political parties attended by Mr Aryo Djojohadikusumo (Great Indonesian Movement Party or Gerindra), Dr Jazuli Juwaini (Prosperous Justice Party or PKS), Ms Lena Maryana Mukti (United Development Party or PPP) and Mr H. Syaifullah Tamliha (United Development Party or PPP)
- Meeting with Minister for National Development Planning, Dr Bambang Brodjonegoro and Indonesian officials from the Ministry for National Development Planning (BAPPENAS)
- Seminar on 'Poverty among the Elderly: Lessons from Australia and Indonesia'

### **Tuesday 31 July**

- Tour of PT Tanjung Unggul Mandiri cattle feedlot and abattoir
- Working lunch with civil society partners to discuss themes of human rights, tolerance and inclusion
- Tour of the Textiles Museum
- Reception with Australia Awards Indonesia alumni and New Colombo Plan students

### **Wednesday 1 August**

- Visit to Plan International's urban communal sanitation site at Duri Utara Village, West Jakarta
- Meeting with representatives from the 'Local Initiative for Occupational Safety and Health Network' (LION) from Bandung
- Travel to Makassar, South Sulawesi
- Briefing from Consul-General of Makassar

### **Thursday 2 August**

- Meeting with Mayor of Makassar Ir. H. Mohammad Ramdhan Pomanto and staff
- Meeting with Chair of DPR-D (Provincial Parliament) South Sulawesi, Mohammad Roem and deputy chairs
- Roundtable discussion with Makassar Women Leaders Forum
- Tour of PT Eastern Pearl flour mill
- Visit to Consulate-General and discussion with political analysts on recent local elections
- Arts and culture dinner at the Residence of the Consul-General including local historians, artists and archaeologists

**Friday 3 August**

- Travel to district of Pangkep to visit Bungoro community health centre and sub-district office
- Travel to Maros district and meeting with Deputy Bupati (district chief) of Maros, Drs H. A. Harmil Mattotorang, to discuss women's empowerment and Australian programs
- Visit to Bantimurung Waterfall
- Meeting with Maros district parliamentarians and representatives of the local office for women's empowerment and child protection
- Tour of Leang Timpuseng (rock art) and Leang Bulu Bettue (archaeological excavation)

**Saturday 4 August**

- Depart for Australia.