

**Senate Standing Committee on Foreign Affairs, Defence and Trade**  
**Inquiry into Australia's foreign, trade and defence policy in the Indian Ocean region –**

**Government Response to Report Recommendations**

**Recommendation 1**

The committee recommends that:

- . the Australia Government lead by example and ensure that its representation at IOR-ARC Council of Ministers' Meetings' is always at ministerial level;
- . the Australian Government commit additional resources to the IOR-ARC Secretariat and encourage other member states to be more generous in the resources they make available;
- . the Australian Government promote the profile of IOR-ARC by making reference to the activities of the organisation whenever appropriate;
- . the Prime Minister of Australia open the 2013 IOR-ARC Council of Ministers' Meeting in Perth;
- . the Australian Government advocate that the heads of government of the Indian Ocean rim countries hold periodic meetings to discuss matters affecting IOR-ARC; and
- . the Australian Government should encourage countries with observer status at IOR-ARC to send high-ranking representatives to the meeting.

**Agreed-in-principle**

Australia began a two-year term as Chair of the Indian Ocean Rim Association (IORA) – formerly the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) – at the Council of Ministers' Meeting (COMM) in Perth on 1 November 2013. The Foreign Minister, Ms Julie Bishop, chaired this meeting.

Australian Ministers have attended IOR-ARC COMMs on other occasions in the past. The then Foreign Minister, Mr Kevin Rudd, attended the COMM in Bengaluru, India, in November 2011. The then Deputy Prime Minister, Mr Tim Fischer, attended the first ever COMM in Mauritius in March 1997 and the then Minister for Forestry and Conservation, Mr Wilson Tuckey, attended the COMM in Muscat, Oman, in January 2000. As with other international meetings, Australian ministerial attendance is decided by the government of the day.

As IORA Chair, Australia will continue to seek to revitalise the organisation. This will include efforts to enhance the IORA Secretariat's capabilities and working practices – including building analytical capacity of local staff members and the ability to provide streamlined administrative services to members. As Chair, Australia will promote IORA's work and profile wherever possible.

Australian Prime Ministers discuss issues of bilateral and regional importance with Heads of Government (HOG) of Indian Ocean rim countries as opportunities arise. To establish a separate HOG forum in IORA would require strong consensus and significant commitment among IORA members. No HOGs attended the 2013 COMM in Perth.

Australia is committed to working with IORA dialogue partner countries and observer organisations to ensure IORA's objectives are met. This includes consideration, with other IORA members, of how best to enhance this engagement, and specifically of how better to involve dialogue partners at IORA meetings during Australia's period as Chair.

## **Recommendation 2**

The committee recommends that the Australian Government as chair of IOR-ARC:

- encourage IOR-ARC to strengthen its links with the business community in the Indian Ocean by considering establishing an Eminent Persons Group made up of leading business people throughout the region;
- use its influence to involve Trade Ministers as mainstream participants in IOR-ARC meetings;
- ensure that the contribution of the smaller countries to the work of IOR-ARC, such as Mauritius which houses the Secretariat, is given prominence; and
- pursue the notion mentioned in previous meetings of establishing 'nodes of excellence' (later recommendations expand on this recommendation).

## **Agreed-in-principle**

As IORA Chair, Australia will consider how best to enhance business engagement in the organisation. The existing IORA Business Forum (IORBF) is intended to allow cooperation among business chamber representatives, and to facilitate their input to IORA. Australia is keen to strengthen business-to-business engagement in IORA and the IORBF's capacity to contribute to IORA policy and project processes. Depending on the views of IORA members and business chambers, we will consider whether an IORA Eminent Persons Group process could add to these existing efforts.

India and Mauritius co-hosted the first IORA 'Economic and Business Conference' (EBC) in Mauritius in July 2013. This provided a means by which IORA trade and commerce ministers could engage one another and business representatives. Australia was represented at Parliamentary Secretary level. IORA members agreed at the COMM in Perth to follow-up on the outcomes of the EBC.

Australia works with all IORA member countries to address issues equally through IORA's consensus-based approach. A number of smaller Indian Ocean countries, including island states, are focused on similar development issues including fisheries management, maritime safety, food security and climate change – all of which are covered in IORA's current and planned work program.

Australia, as Chair, will aim to enhance academic engagement in IORA, including by encouraging interested academics to develop nodes of excellence – that is, areas and networks of expertise in IORA priority work areas. The existing IORA Academic Group (IORAG) is intended to allow cooperation among academic, non-government organisations and think-tank representatives, and to facilitate their input to IORA.

### **Recommendation 3**

The committee recommends that, respecting IOR-ARC's charter and the views of other member countries, the Australia Government work with member states to look at broadening the membership to include other key Indian Ocean countries, such as Pakistan and Saudi Arabia.

#### **Agreed-in-principle**

Not all countries of the Indian Ocean region – including Maldives, Myanmar, Pakistan, Saudi Arabia and Timor-Leste – are members of IORA. Australia would welcome an expanded membership but recognises that this depends on the readiness of prospective new members to commit to IORA's charter and ideals, and consensus on expansion among IORA's existing members. Other countries are able to participate in IORA as dialogue partners.

IORA's membership has grown in recent years: Seychelles re-joined as a member in 2011; Comoros joined as a member in 2012; and the United States became a dialogue partner in 2012.

### **Recommendation 4**

The committee recommends that the Australian Government:

- increase its support for the smaller developing countries in the Indian Ocean rim to assist them develop the capacity to monitor, control and regulate fishing activities in their waters;
- provide greater assistance and increase efforts to help the smaller developing countries represent their interests in international fora such as the IOTC; and
- through the Troika – India, Australia and Indonesia – encourage the larger and more developed countries to collaborate and collectively spearhead active engagement in promoting the health of marine life in the Ocean; to assist the smaller developing countries to protect their fish stocks from over exploitation; and to grow their fishing industry in a sustainable way.

#### **Agreed-in-principle**

Australia recognises that the conservation and sustainable use of the Indian Ocean is important for economic development in Indian Ocean rim countries, particularly for those countries – including smaller developing countries – that have a large dependence on healthy and well-managed marine resources. As Chair, Australia initiated the 'Perth Principles' Declaration on the Peaceful, Productive and Sustainable Use of the Indian Ocean and its Resources – the first Declaration ever issued by IORA Ministers.

Australian Government agencies are undertaking a range of projects that support Indian Ocean rim countries in promoting sustainable fisheries and healthy marine life in the Indian Ocean.

The Department of Agriculture has been working with the IORA Fisheries Support Unit (FSU), which is hosted by Oman, to strengthen regional cooperation on fisheries. Australia, including through the IORA troika (with India and Indonesia), will consider how member states could work further, using the FSU, to address regional needs and gaps in fisheries management, sustainable fishing and marine conservation.

The Department of Agriculture also leads Australia's engagement in the Indian Ocean Tuna Commission (IOTC) which includes work with Indian Ocean rim developing countries, including smaller developing countries, to strengthen regional cooperation on fisheries issues of mutual interest. In the IOTC, Australia has led efforts to establish a meeting of Indian Ocean coastal states to coordinate policies that matter most to the group.

Australia is committed to protection of marine species, including whales and other marine mammals, in the Indian Ocean region. We work closely with India as a likeminded pro-conservation member of the International Whaling Commission. Australia also works with members of the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), including India and South Africa, to conserve Antarctic marine living resources in the southern parts of the Indian Ocean. This includes efforts to combat illegal, unreported and unregulated fishing. Australia is seeking the development of a representative system of Antarctic marine protected areas through CCAMLR.

Australia also supported a workshop in August 2012 under the Convention on Biological Diversity (CBD) to identify 'Ecologically and Biologically Significant Areas' (EBSAs) throughout the southern Indian Ocean. Once EBSAs for a region have been identified, summary reports on these areas are submitted for information to the United Nations General Assembly, relevant UN bodies, CBD member Parties and relevant international organisations.

#### **Recommendation 5**

The committee recommends that the Australian Government consider establishing an Institute for Indian Ocean Research in a Western Australian University.

#### **Agreed**

The University of Western Australia (UWA) was awarded \$34 million from the Australian Government in 2010 for the Indian Ocean Marine Research Centre (IOMRC) project (total project cost is \$63 million). CSIRO will provide \$10 million and the Australian Institute of Marine Science will provide \$3 million. UWA and the Western Australian Government will provide the remaining \$16 million. The IOMRC will be established through the refit of an existing marine research facility at Watermans Bay in north Perth and the construction of a new building at UWA's Crawley campus. The project is expected to be complete by 2015.

The IOMRC will have the largest capability in marine research in the Indian Ocean rim. It will play a key role in facilitating research, including inputs from disciplines not specifically targeting the marine environment, to address challenges, risks and opportunities in the sustainable and safe use of marine resources and conservation of Indian Ocean biodiversity. The IOMRC will bring together over 240 researchers to conduct research across a range of subjects, extending from oceanography to marine ecology, fisheries, geochemistry, law and marine technologies and engineering, among others.

It will be important, once IOMRC is established, to explore how the centre can contribute to a regional effort to consolidate, strengthen and expand on collaborative research taking place. Through IORA, we will consider possible linkages and synergies between IOMRC and other research and science institutes in the Indian Ocean region – including in India, South Africa and elsewhere.

#### **Recommendation 6**

The committee recommends that DFAT work with other agencies to make an audit of research projects which already have country to country links.

Further, the committee recommends that DFAT engage with Australian universities and the research community to find ways in which to link Australian institutions to Indian Ocean rim institutions.

#### **Noted**

The Department of Foreign Affairs and Trade (DFAT) will keep under consideration the possibility of undertaking with other agencies an audit of research projects with country-to-country and regional links.

In 2010, DFAT supported the establishment of an informal Australian Indian Ocean rim Academic Network. This includes representatives of leading Australian universities and research institutions interested in Indian Ocean research, cooperation and dialogue. Through the IORAG and this network, Australian academics and researchers have the opportunity to develop substantive academic and research links with countries in the Indian Ocean rim. DFAT will encourage and support this effort further during Australia's period as IORA Chair.

#### **Recommendation 7**

The committee recommends that the AFP consider greater community engagement in the North West region to increase the understanding of its role and reassure the community that the security of the region is a priority.

#### **Agreed-in-principle**

Australian Federal Police (AFP) representatives will undertake visits to key industry and local government entities in Australia's North West to discuss the AFP's role in the region.

#### **Recommendation 8**

The committee recommends that Defence make it an urgent priority to focus on the defence of the North West. The committee encourages Defence to increase its cooperation with industry in order to find creative solutions to the challenges which currently prevent larger exercises and affect reserve recruitment.

#### **Agreed**

Defence is already working to enhance its profile in the North West. In April 2013, Defence held a strategic-level wargaming exercise (Exercise Python) in Perth, with Western Australian industry representatives. More exercises are intended. Joint Logistics Command will assess and, where necessary, improve the ADF's logistic infrastructure in the North West to support operations.

Defence will continue to be an active member of the biannual Oil and Gas Security Forum meetings at which the North West is a significant focus. Defence also conducts liaison with shipping and maritime trade industry representatives, which includes the Minerals Council of Australia and the Australian Petroleum Production and Exploration Association, at the biannual Australian Maritime Defence Council. Defence is seeking to expand the Council's industrial membership.

#### **Recommendation 9**

The committee recommends that Defence examine the possibility of making the 2014 planned Defence exercise in the North West a larger, more visible exercise in the region – as a means of providing reassurance to industry and actively engaging the community. In particular, the committee encourages the Royal Australian Navy to examine ways in which it can increase visibility in the area and raise community and business awareness of its activities in the North West of Australia.

#### **Agreed**

Defence liaison, exercise and engagement activities are planned and conducted routinely in the North and North West. These activities vary in scale and scope, but reflect an active Defence presence in the region. Planning is underway to develop a joint activity in the 2014 training year to build on current single service activities. This exercise will incorporate platforms and force elements from all three services and the US Marine Rotational Force-Darwin.

#### **Recommendation 10**

The committee recommends that in its work on the government response to the OITS Report, the Department of Infrastructure and Transport consider including strategies for community engagement. The committee strongly believes that local government and relevant state agencies have a role to play in educating community and industry about the role of various security agencies and can help to provide reassurance to the community that security of the North West is a priority for government.

#### **Agreed-in-principle**

The Australian Government response to the Inspector of Transport Security's Offshore Oil and Gas Resources Sector Security Inquiry Report was tabled in Parliament on 14 May 2013. The Inspector's Report noted that Australia has been consistently considered a low risk location with high security and supply reliability. Nonetheless, the Report highlighted some areas for improvement and presented 10 recommendations and 10 options to further strengthen the security of the offshore oil and gas sector. Of these, the Australian Government has agreed, agreed in-principle, or noted all but one of the recommendations. The Australian Government did not agree with the Inspector of Transport Security's recommendation to conduct a review of current industry recruitment and vetting processes as it considers that these processes are a matter for employers.

There are a number of agencies across government involved in the implementation of the response to the Report. The Department of Infrastructure is coordinating implementation arrangements, in close consultation with other relevant agencies and the Oil and Gas Security Forum. In undertaking this role, the Department of Infrastructure will encourage agencies to include community engagement in their implementation processes where appropriate.

### **Recommendation 11**

The committee recommends that DFAT work with other departments to prioritise progress on effective and consistent port state control measures in the Indian Ocean rim as part of Australia's plan for its upcoming chair of IOR-ARC.

#### **Agreed**

Indian Ocean regional cooperation on port state control measures is a key element of Indian Ocean maritime safety – which is one of the six priority work areas agreed to by IORA members at the Council of Ministers' Meeting in November 2011. Australia will prioritise progress on effective and consistent port state control measures in the Indian Ocean rim during its period as IORA Chair, including through capacity-building, information-sharing and other work with IORA members. At Australia's instigation, the Perth COMM communique acknowledged the need for stronger port state control measures in IORA members in order to enhance shipping safety across the Indian Ocean.

Australia has made \$250,000 available through the aid program to build capacity for port state control in the Indian Ocean region through a three-year project from 2013. This involves provision of assistance in capacity development and training to countries party to the Indian Ocean Memorandum of Understanding (IOMoU) on port state control. This support was announced through IORA for those IORA members who were also IOMoU members.

The Australian Maritime Safety Authority (AMSA) has direct involvement in port state control measures in the Indian Ocean region through the IOMoU and, less directly, through the Tokyo MOU on Port State Control. AMSA has chaired the IOMoU Port State Control Committee and provides technical assistance on port state control issues.

Australia supports and encourages all countries in the Indian Ocean rim and beyond to implement fully their commitments under Chapter XI-2 of the *Safety of Life At Sea Convention* and the annexed *International Ship and Port Facility Security Code*, including in relation to security measures adopted by ships transiting the Indian Ocean. Again at Australia's instigation, the Perth COMM communique noted the importance of IORA members fully implementing their obligations in these areas.

The Department of Infrastructure works with transport security administrations throughout the region to enhance understanding of their obligations under international conventions.

### **Recommendation 12**

The committee recommends that ministers attending the Council of Ministers' Meeting in Perth or their representative be invited to visit the Pilbara as part of a delegation to see the work being done at Dampier Port and Port Hedland to improve the ports' productivity.

#### **Noted**

Ministers and others attending the IORA COMM in Perth were unable to visit the Pilbara region at that time due to other travel commitments.

### **Recommendation 13**

The committee recommends that DFAT work with other federal government departments, as well as state and territory governments, on strengthening government consultation with groups such as AAMIG, the Australian Coal Association, and the Australia-Africa Business Council. The committee notes that while Africa Down Under has been successful in generating discussion, more concrete measures are needed to ensure that the input of groups working with industry and African countries is captured in policy making.

### **Agreed-in-principle**

DFAT interaction with industry bodies, commercial enterprises, and other government departments is a regular and essential part of its business, in Australia and at Australia's missions overseas. Australia's diplomatic missions, including in sub-Saharan Africa, provide strong support on the ground for Australian industry groups and commercial enterprises, and receive valuable information from these groups and enterprises that is fed back into the policy formulation and implementation process.

DFAT's engagement with the Australia-Africa Mining Industry Group (AAMIG) is substantial. Apart from strong informal links between senior DFAT officials and AAMIG representatives, DFAT holds annual meetings with AAMIG in the margins of both the Africa Down Under (ADU) conference in Perth, and Mining Indaba, an annual mining event held in Cape Town, South Africa. These meetings allow for a frank exchange of views and a chance to discuss the Australian Government's priorities and programs in Africa, and those of the mining and resource industry.

In Australia, the ADU conference is a key annual event connecting industry and government. It continues to grow in size and scope. Resource ministers and senior leaders from across Africa, as well as Australian ministers, attend. All of Australia's Heads of Mission in Africa endeavour to return to Australia for the ADU conference so they can engage in that forum with business and political leaders from across Africa.

DFAT works closely with the Australia Africa Business Council (AABC) assisting with seminars and industry update meetings, and through networking events and dinners. All of these exchanges provide an opportunity for government and industry to work together to further common goals.

In July 2013, the Australian Strategic Policy Institute held the inaugural Australia-Africa Leadership Dialogue in Perth. The event attracted a range of business, non-government, political and resource industry attendees, including the AABC. DFAT in Canberra, and Australian missions in Africa, helped secure high-level attendance at this event, which is expected to become a regular fixture on the Australia-Africa policy-making calendar.

DFAT is working to establish a whole-of-government mechanism to coordinate Africa-related policy across agencies – including with Austrade and the Department of Industry. Austrade also consults with DFAT and Australian Government agencies, State Governments and business groups in setting the priorities and focus of its trade, investment and education promotion activities in Africa.



#### **Recommendation 14**

The committee recommends that DFAT establish a formal and regular consultation panel in relation to IOR-ARC for Australian businesses and industry, with a broad representation from all sectors. This consultation panel should focus initially on:

- increasing Australian business and industry awareness of IOR-ARC and its activities; and
- incorporating input from business and industry into Australia's planning for taking on the chair of IOR-ARC.

In due time, the focus of the panel can be extended to broader discussion of issues in the Indian Ocean rim.

#### **Noted**

As IORA Chair, Australia will work to take forward Australian business and trade facilitation focused-initiatives, including through the IORBF. DFAT continues to liaise with the Australian Chamber of Commerce and Industry (ACCI) on IORA initiatives. ACCI will help lead the direction of the IORBF's work during Australia's term as Chair. DFAT, with ACCI and Austrade, will keep under consideration the possibility of organising additional IORA-focused business consultative mechanisms in Australia for Australian businesses and industry.

#### **Recommendation 15**

The committee notes the role played by the foundations, institutes and councils in promoting business-to-business and people-to-people links with countries in the Indian Ocean rim.

The committee recommends that DFAT coordinate a roundtable of Indian Ocean rim country foundations, institutes and councils. The roundtable should focus on:

- ways to increase Australian community and business awareness of IOR-ARC and its activities; and
- any other relevant matters.

#### **Noted**

There are various foundations, institutes and councils (FCIs) – the Australia-India Council, Australia-Indonesia Institute, Australia-Malaysia Institute, Australia-Thailand Institute and Council for Australian-Arab Relations – that promote links with those particular Indian Ocean countries and sub-regions. These FCIs are mandated to focus only on their particular bilateral or regional relationship, and direct resources to initiatives within these confines. They do not have a pan-Indian Ocean remit.

#### **Recommendation 16**

The committee notes that currently there is no foundation, institute or council which covers the countries of Africa. The committee recommends that DFAT work with existing business and community groups to establish an appropriate organisation to enhance awareness and understanding between the peoples and institutions of Australia and the African countries.

## **Noted**

DFAT works closely with business and community groups to help broaden Australia's interaction with Africa. This includes pursuit of commercial interests, including investment; engagement between Australian state and federal governments with African counterparts; educational exchanges; sporting and cultural links; development assistance (including through community groups and NGOs); and people-to-people contact, including tourism. A broad range of corporations, groups, committees, foundations and councils exist to facilitate these interactions.

DFAT will continue to consider – within resource constraints – how this broad variety of groups might best be brought together. This will include keeping under consideration the idea of establishing an organisation along the lines suggested by the Senate Committee.

### **Recommendation 17**

The committee sees significant benefit in improved coordination between the state and federal governments on the promotion of Australian business and trade in the Indian Ocean rim.

The committee recommends that the Australian government create a Council of Australian Governments (COAG) Select Council to facilitate consultation and cooperation on trade and investment initiatives for the Indian Ocean rim. The Indian Ocean Rim COAG Select Council would continue for the duration of Australia's role as chair of IOR-ARC, with the potential to be made a Standing Council.

The committee believes that the Select Council would ensure that coordination of efforts promoting Australian business in this growing region is a priority for both state and federal government.

## **Noted**

The Australian Government will work to ensure appropriate state and territory input on trade and investment initiatives developed and undertaken during Australia's term as IORA Chair.