

## Committee comment and conclusion

- 7.1 As indicated in Chapter 1 it was not the Committee's intention, with this inquiry, to review every aspect of Australia's aid program. The purpose of the inquiry was to gain an overview of the aid program, and insights into its operational challenges and successes.
- 7.2 As alluded to in Chapter 2, the period during which the inquiry was conducted (March 2006-August 2007) was characterised by a number of events that have impacted on the region's stability and governance, from the coup in Fiji to incidences of riots in the Solomon Islands and Tonga. The Committee heard that events such as the Fiji military coup – a setback for democracy – had resulted in the suspension of elements of Australia's aid, by Australia. Aspects of the ECP had also been curtailed when the PNG Supreme Court deemed parts of the program unconstitutional. That said, many Australian aid activities in Fiji remain in place to support the Fijian people. And, Australia has continued to direct the majority of its aid in the Pacific to Papua New Guinea and the Solomon Islands. Australia took lead roles in re-stabilising the situations in the Solomon Islands and Tonga and has been providing substantial ongoing assistance in the form of large-scale and ambitious interventions like RAMSI and ECP, to strengthen law and justice longer-term with an emphasis on capacity building in key government agencies.
- 7.3 One of the main themes to emerge during the inquiry – and the focus of Chapter 3 – was the need to improve growth in Pacific Island economies which for the most part are underperforming for reasons ranging from economies of scale to political instability, poor governance and/or underinvestment. Stimulating the private sector has not typically been the domain of aid agencies for a range of reasons; and public funds are naturally directed to the public sector. However, as the Committee heard there is plenty that the Australian Government, the Australia-Pacific Business Councils, the private sector and NGOs like Australian Business

Volunteers can do to help promote economic reform; from working to improve the policy environment as advisors in line agencies, to investing in infrastructure and human resources and encouraging financial services development, including microfinance. There is no doubt that further innovative approaches are required and desirable. Mr Rich's proposal that the Australian tax rules be amended to encourage companies to become directly involved in building private sector capacities in developing countries is one novel idea. The Committee thinks that the newly established Australian *Business for Poverty Relief Alliance*, a forum for Australian business leaders to get involved in tackling global poverty, is another interesting development to follow.<sup>1</sup>

- 7.4 One of the Committee's recommendations in this report is to support young skilled Pacific Islanders to undertake placements in host organisations in Australia (be these in the public, private or not-for profit sectors). This goes to the heart of building human capital.
- 7.5 Several witnesses, ACFID, ACPACS, proponents of microfinance and Mr Delaney referred to the untapped resilience and entrepreneurial capacities of Pacific Islanders. They said that the use of negative language and expectations needed to be transformed; Pacific Island states should be perceived as emerging states rather than failing ones; and the focus transferred to what could be rather than what is or is not. The Committee appreciated Mr Delaney's description of the Pacific as an 'arc of opportunity'.
- 7.6 Clearly, work remains to be done in health and education in parts of the region and this should remain a priority for Australian aid. The Committee learnt how pernicious HIV/AIDS is in PNG and of its adverse impact on all aspects of the economy and society. The general health and education indicators for many other Pacific Island states also remain poor. Chapter 4 covers ways in which the Australian aid program is seeking to tackle AIDS in PNG and invest in the short and long term priorities of health and education across the region. The White Paper stated that access to these basic services is critical to every aspect of development and establishing the legitimacy of the state in the Pacific – the Committee could not agree more.
- 7.7 The Committee notes that the problems besetting health and education in some of the Pacific countries are not all ones that the Australian
- 

1 See the website for more details, including a downloadable copy of the Alliance's report from the Allen Consulting Group, *Business for poverty relief: A business case for business action*, <http://www.businessforpovertyrelief.com.au/>

Government can simply fix by devoting more resources, although of course the Committee welcomes additional resources to that end (be it improving hospital and health centre infrastructure, or doubling educational awards and establishing an Australia-Pacific Technical College). Political leadership, community leadership and private sector engagement are also key. Regarding the latter, the Committee notes the work of the Asia Pacific Business Coalition on HIV and the contribution it is making through its workplace programs on HIV/AIDS in PNG.

- 7.8 The Committee also acknowledges the desire and need for better roads and ports in some Pacific Island states. A lack of basic infrastructure – be it transport or communication networks – is obviously an impediment to growth and development. To this end, the Committee is pleased to see that the White Paper places renewed emphasis on building infrastructure in the region via a new *Infrastructure for Growth Initiative* which will focus on high-priority infrastructure projects and establishing more public-private partnerships.
- 7.9 Corruption undermines good governance and its corrosive effects on developing states worldwide are well documented. Australia’s whole-of-government approach (set out in Chapter 5) aims to reduce corruption where it exists in the Pacific region. Putting advisors in line agencies is one way of ensuring that money is spent wisely. Supporting projects like the *Extractive Industries Transparency Initiative*, and building demand for democratic governance through the strengthening of civil society are other ways. Australian NGOs continue to work hard to bolster civil society. AusAID supports civil society by funding NGOs and maintains successful programs like the Church Partnership Program in PNG as well as watchdog agencies like the Asia Pacific Forum of National Human Rights Institutions. The agency is also branching out to bolster other elements of civil society – free media, political parties and, in particular, women leaders. The Committee looks forward to updates on these new directions as they take shape.
- 7.10 It is worth pointing out that there are limits to what Australian aid can do in respect of combating corruption in other countries. Ultimately, accountability and transparency measures must be driven from within societies.
- 7.11 In the view of Mr Peter Larmour, a specialist on the Pacific Islands at the ANU, ‘corruption is better tackled by reducing institutional opportunities for it, rather than by dictatorial moral crusades from a strong-arm regime

that sets itself up as detective, judge and juror.’<sup>2</sup> Former Pacific diplomat, Mr Delaney made a related point when he said, ‘aid is not the panacea to all development problems...and should not exonerate Pacific governments’ [leaders’] responsibilities and constitutional obligations.’

- 7.12 The theme of Chapter 6 is the importance of building denser networks of exchanges between Australians and Pacific Islanders, for development reasons and also to promote a deeper cultural understanding and appreciation between the respective cultures. The Committee wished to learn how Australian aid was received on the ground. DFAT responded that there was a good awareness of the importance of Australian aid contributions and an active diplomacy program was run by themselves and AusAID. It is worth noting here that the Senate Foreign Affairs Committee recently tabled a report on Australia’s public diplomacy. Chapter 7 of the Senate Committee’s report focuses on people-to-people links and relationship building as part of Australia’s public diplomacy efforts.<sup>3</sup>
- 7.13 On several occasions throughout the inquiry, the Committee was heartened to learn that interventions like RAMSI and ECP are very welcome not just from the perspective of the region’s representative bodies like the Pacific Islands Forum (and RAMSI is very much a regional cooperation effort), but most importantly by most Solomon Island and Papua New Guinean citizens. This is testament to the good work that personnel from Australian departments and agencies, in particular the AFP at a village level, are doing to build up trust not just in the police but in Australian and regional goodwill.
- 7.14 There will always be ups and downs in any bilateral relationship at the government-to-government level but, as the Samoan High Commissioner to Australia told the Committee, if [Australians and Pacific Islanders] build a cadre of experienced people in the region, ‘trust, respect and recognition are built upon, [and aid] is a practicable and doable thing.’<sup>4</sup> An underlying spirit of cooperation and partnership is vital to achieving results.
- 7.15 Chapter 6 refers to a wide range of ways in which to build practical expertise and links further, from professional links (be it exchange opportunities between national defence organisations and police forces),

---

2 The Economist, *A tale of two island states*, 17 March 2007, p. 32.

3 Senate Foreign Affairs Committee report, *Australia’s public diplomacy: building our image*, 16 August 2007, [http://www.aph.gov.au/Senate/committee/fadt\\_ctte/public\\_diplomacy/report/index.htm](http://www.aph.gov.au/Senate/committee/fadt_ctte/public_diplomacy/report/index.htm)

4 Transcript, 27 November 2006, Samoan High Commissioner to Australia, p. 33.

group partnership models like the Australian Disability and Development Consortium (ADDC) - which utilises Australian development and disability expertise to assist Pacific service providers, trainers and client support groups (which the Committee was especially pleased to note given that there was little mention in the White Paper of disability), to strengthening educational links via scholarships for Pacific Islanders, and supporting Pacific studies here in Australia, to political party development and supporting more female leaders in the Pacific by greater engagement between women parliamentarians. No doubt there are a plethora of others too. The Pacific Island Youth Ambassador scheme which the Committee recommends as an adjunct to the highly successful Australian Youth Ambassadors Scheme would, in the Committee's view, build additional personal contacts and cooperative networks between Australian and Pacific Islanders citizens.

7.16 Aid remains principally the work of governments, and there is no doubt that Pacific island nations are dependent on Australian aid for the foreseeable future. This is a regional responsibility and one which Australia has a national interest in shouldering. The region's stability does to some extent rely on Australia's continued presence. Australia has long had a special relationship with several Pacific countries and historical links, especially with PNG. It is not just a case of Australia being obligated to intervene or provide aid – Australians genuinely want to help their neighbours. That said, government-to-government assistance is not always the best way to deliver aid, 'it can be a clunky imperfect machine'. It is therefore important that there be a mixture of interventions, including those from civil society, NGOs and the private sector.

7.17 Large well-respected philanthropic foundations like the Bill and Melinda Gates Foundation and the Clinton Foundation increasingly have a role to play in development, in particular, global health. Australia is working together with the Clinton Foundation in the area of HIV/AIDS, and the Committee hopes that links of this nature will continue to be leveraged too in the future.

7.18 At a hearing, DFAT characterised the development situation in the Pacific as follows:

I think that people throughout the Pacific want a better life for themselves and their children, frankly, and they are keen to move forward. They are concerned about moving backwards, they are concerned about the socio-economic trends in their own countries of large [population] growth rates and falling or sluggish economic growth rates. That equation means diminishing per

capita incomes and standards of living and that is of concern to people.<sup>5</sup>

7.19 The First Assistant Secretary of the Pacific Division of DFAT went on to say:

I think there is an acute realisation that this is a trend which cannot continue and has to be reversed. The other thing is that throughout the region – with some exceptions – democratic processes work really well. There is a strong link between electors and the elected...Responsiveness may not be as quick as in our system, but I think that eventually, there is responsiveness to electors.<sup>6</sup>

7.20 In the course of the inquiry the Committee has met and spoken with many dedicated Australian and Pacific Islanders seeking to 'make that better life in the Pacific'. Change may be slow and incremental but changes in ideas and behaviours are occurring and feed into 'tipping points.'<sup>7</sup> The efforts of many local unsung heroes, be they young Pacific Islanders educated in Australia taking their skills home, entrepreneurs, courageous PNG women standing for office in the Highlands determined to better their communities, or independent film-makers who bring those women's stories to light, should not go unheeded and should also be commended. The Australian aid program is – on balance – an important part of but not the whole way forward.

---

5 Transcript, 9 February 2007, p. 13.

6 Transcript, 9 February 2007, p. 13.

7 A 'tipping point' is a term in epidemiology: the concept that small changes will have little or no effect on a system until a critical mass is reached. Then a further small change 'tips' the system and a large effect is observed. The phrase has been made popular in Malcolm Gladwell's book, *The Tipping Point*, which is about the phenomena of social change and how 'things can happen all at once, and little changes can make a huge difference.'  
<http://www.gladwell.com/tippingpoint/index.html>

**Senator M A Payne**

**Chair**

**20 September 2007**

