

Recommendations

Chapter 1—Introduction

Pacific economic and political community

As discussed in both Chapter One and Chapter Three, given the agreement that Australia has an obligation to assist Pacific States protect their security and stimulate their economies, the Committee sought to consider different ways in which Australia might assist in achieving this outcome. To this end, the Committee has recommended the following:

Recommendation 1

That the idea of a Pacific economic and political community which recognises and values the cultural diversity in the region, and the independent nations within it, and takes into account differing levels of growth and development, is worthy of further research, analysis and debate. Such a community should be based on the objectives of:

- sustainable economic growth for the region;
- democratic and ethical governance;
- shared and balanced defence and security arrangements;
- common legal provisions and commitment to fight crime;
- priority health, welfare and educational goals;
- recognition of and action for improved environmental standards; and
- recognition of mutual responsibility and obligations between member countries of the community.

Over time, such a community would involve establishing a common currency, preferably based on the Australian dollar. It would also involve a common labour market and common budgetary and fiscal standards.

Recommendation 2

The Committee recommends that an Eminent Persons Group be established, with access to specialists from Australia, New Zealand, PNG and the Pacific Island Countries to investigate the proposal for a ‘Pacific Economic and Political Community’. The Group should meet with all governments in the region to gauge the desire of countries to move in such a direction.

This recommendation is based on the following considerations:

- The economic and social problems of the region are worsening.
- Australia has a responsibility to assist nations in the Asia Pacific region.

- If sustainable regional economic growth can be achieved issues of governance, international crime, law and order, regional security and the health and well being of people living within the region, and in Australia, will improve.
- The region is made up of 16 countries which are independent and sovereign entities whose independence is respected.
- Many of the countries suffer the problems that arise in small nations with micro economies. To obtain sustainable economic growth, reform needs to be pursued across the region by all nations taking into account the special issues affecting small countries.
- While all nations have the right to pursue their own economic goals, each nation has an obligation to the other countries in the region to achieve economic reform and sustainable growth.
- If the region continues to decline, the costs to Australia of dealing with the consequences will be much greater than the costs to Australia of moving to establish a community which can increase regional prosperity.

Chapter 2—Economic and social overview

Much of the evidence presented to the Committee raised concerns about the current state of many of the economies of the Pacific. Many submissions argued that countries such as Papua New Guinea (PNG), Nauru and the Solomon Islands are confronting a worse economic and social outlook in 2003 than they were at independence. Given these concerns, the Committee sought to compile an economic and social profile of PNG and the Pacific across a time series of the last 20 years with the aim of monitoring the progress or decline in economic and social indicators. Unfortunately, this profile is limited due to the lack of available information across this region and the differing information that is available.

The Committee considers it to be in the interests of Australia to be fully aware of the economic and social picture of the region and that the gathering of this information is vital to the future development of all aspects of Australia's policy in the region.

Recommendation 3

The Committee recommends that the Australian Government investigate ways in which it can assist the governments of the region, possibly through the Pacific Islands Forum to facilitate the collection of a standard set of relevant economic and social statistics.

Chapter 3—Australia’s economic relations with PNG and the Pacific

It is the view of the Committee that, if sustainable economic development is achievable, countries will have a basis for tackling the challenges of poverty, law and order, and the development of governance structures that promote greater democracy, which in turn reinforce economic wellbeing.

Generally, Pacific economies are characterised by a dependence on the production of raw materials such as minerals, timber, copra and coffee and in the case of Fiji, sugar. Such dependence is becoming problematic as raw commodity prices decrease in response to trade becoming increasingly liberalised. With the exception of PNG and Fiji, the economies are very small, domestic purchasing power is not strong and there is a heavy dependence on external markets with intra–regional trade being nominal (although, with the introduction of the Pacific Island Countries Trade Agreement (PICTA) this may increase). In addition, the economies are not only small, open economies, but have limited capital market access and a high dependence on imports.

In the Committee’s view, there will be serious implications for Australia if economies in the region collapse. The Committee considers it very much in Australia’s commercial and political interests to continue to build sustainable and culturally acceptable economic relations with PNG and all the Pacific island countries. The Committee has made the following specific recommendations to address a number of issues raised in this area.

Non–tariff barriers to trade

The following issues were raised with the Committee:

- perceived difficulties and restrictions in obtaining export permits for the export of processed fish from Australia to the Pacific;
- barriers to the import of some crops from the Pacific which would require Australia to re–examine some of its quarantine procedures to ensure that they are really necessary to protect it from disease; and
- problems with the export of some Australian food products to certain Pacific Island countries for quarantine reasons.

The Committee agrees with the view that it would be preferable for the standard of facilities for processing or crop production in PNG and Pacific island countries to be raised rather than Australian quarantine standards lowered. The Committee is also persuaded that some of the non-tariff barriers to trade in both directions could be overcome through the development of closer relations between AQIS and Pacific island countries quarantine and health authorities.

Recommendation 4

The Committee recommends that the Australian Quarantine and Inspection Service host a bi-annual meeting of quarantine and health authorities in the Pacific region to address issues of mutual concern and develop strategies for their resolution.

Recommendation 5

The Committee recommends that the Australian Government, through the Department of Agriculture, Fisheries and Forestry and other relevant State and federal agencies, consult with the governments of PNG and the Pacific island countries on the requirements needed to raise the standard of processing facilities and crop production in those countries in order to bring them up to Australian standards.

The Committee recommends that the findings of that study be forwarded to AusAID for consideration and implementation through Australia's development assistance programs.

Australia's promotion of economic self-sufficiency

Economic self-sufficiency and fiscal reform is a key objective for Australia and the region. The Forum Economic Ministers' Meeting (FEMM) and Forum Trade Ministers' Meeting (FTMM) are key forums through which this objective is progressed.

It was clear to the Committee through evidence and its visit to the Pacific that all countries have accepted the need for economic reform and improved governance. But it is also clear that the development and implementation of appropriate policies remains a significant challenge. Countries such as Samoa and the Cook Islands have had relative success in pursuing economic reforms but countries with poorly resourced governments and small private sectors face particular challenges.

It was suggested to the Committee that, in order to sustain the reforms being promoted amongst political leaders, it would be necessary to provide support in educating the wider community that these reforms are essential to their countries' futures. The Committee saw merit in this suggestion, especially as some governments discussed the issue of educating their citizens about the need for economic reform during the Committee's visit to the region.

Recommendation 6

The Committee recommends that the Australian Government, through the Forum Economic Ministers' Meeting, assist the member states to develop comprehensive public education strategies explaining policies directed towards the achievement of economic self sufficiency.

The development of the tourism industry

Tourism in the Pacific is advocated as being of social and environmental benefit, as well as being an earner of foreign exchange. It is therefore an industry that, if well managed, has the potential to offset development assistance. However, there is no cohesive and coordinated approach to tourism. The resulting disjointedness of approach acts as a deterrent to attracting tourists to the region. Poor marketing because of limited facilities and promotional funds tends to make tourism a “hit and miss” industry particularly when many of the destinations are not part of the routes of the world’s major airlines. In addition, infrastructure to support the industry has not been fully developed.

Given tourism’s potential, it was suggested to the Committee that resources should be directed to the industry through the governments and public sectors of the Pacific Island nations rather than regarding the industry as an exclusively private sector function.

The Committee sees merit in support for the sustainable development of the tourism industry in the region. It will supplement foreign exchange earnings and increase employment. There is a role for Australia both through the Pacific Islands Forum, and its bilateral relationships, to work with the governments in the region that have the potential for a viable, culturally appropriate tourism industry. Australia should sensitively provide guidance on how the island nations can best engage with each other and the private sector and direct resources to the development of the industry.

Recommendation 7

The Committee recommends that, within the Tourism Green Paper process, the Australian Government explore options for regional marketing and promotion with Papua New Guinea and Pacific island countries as part of the promotion of Australia as a destination.

Recommendation 8

The Committee recommends that AusAID, in association with the Pacific Asia Travel Association and the South Pacific Project Facility and with the agreement of the relevant Pacific governments, commission a study in order to determine the levels of infrastructure and facilities required for countries to develop a viable tourist industry.

Recommendation 9

The Committee further recommends that, upon completion of the study, Tourism Australia coordinate a group of experts through the Pacific Islands Forum to develop a medium to long term strategic plan for tourism in the region.

Labour mobility

Much of the evidence received by the Committee both formally in Australia and informally during the Committee's visit discussed the issue of special migration access to Australia by Pacific islanders with the objective of giving Pacific Islanders the opportunity to learn new skills and earn money that could be remitted back to the home country to support family networks and contribute to their economies.

The Committee received several submissions from businesses in Australia and PNG requesting the Committee seriously consider such a scheme and providing models from which to develop such a scheme. The Australian Council of Trade Unions (ACTU) is both supportive of such a proposal and has sought to develop a proposal in conjunction with the Fiji–Australia Foundation.

The benefit to Australia's export earning capacity was highlighted and Australian enterprises described a sense of frustration over the difficulty in seeking sufficient numbers of workers at harvest time. Labour shortages throughout the industry have led to losses of produce and export income across various commodities.

Consistent with the Committee's long-term vision of the potential for a 'Pacific Economic and Political Community', the Committee is persuaded by the arguments for the development and trial of such a scheme. The Committee believes that such a scheme has the potential to provide meaningful and significant income and assistance to PNG and Pacific island countries at the same time as being of benefit to the Australian economy.

The Committee notes the Government's concerns in relation to overstayers. However, the Committee believes that the number of overstayers is less likely to be a concern if the program does not limit the ability of workers to return to Australia on a yearly basis provided they are selected through the selection process managed from their home country.

Recommendation 10

The Committee recommends the Australia Government support Australian industry groups, State governments, unions, Non-Government Organisations and regional governments to develop a pilot program to allow for labour to be sourced from the region for seasonal work in Australia.

Recommendation 11

The Committee also recommends that the model developed provide for management and organisational arrangements to be the responsibility of the source country and adequate mechanisms to be in place for training and the transfer of skills.

Chapter 4—Australia’s development assistance to PNG and the Pacific

The development challenges facing the Pacific region are numerous and significant. The Committee is of the view that Australia has a considerable obligation to provide aid where it is needed. In terms of priorities, development assistance within our own region should be pre-eminent among our aid obligations, with the aid focussed on delivering benefits to the people. However, the Committee is also mindful of the growing culture of aid dependency which can prevent the effective functioning of government and the provision of services.

The Committee has made a series of recommendations in relation to the effective delivery of Australia’s development assistance.

Australia’s support for good governance

Australian Government policy in the region is focussed at all levels on the need to achieve good governance through institutional reform as well as recognising the need for development of an effective skill base, transparency, accountability and sustainability.

Evidence to the Committee suggested that:

- current good governance programs are often based on Western modes which downplay the significant rights entrenched in many Pacific Constitutions;
- there is a need for more awareness of the cultural and social impacts of the good governance agenda; and
- the study of Pacific politics has been a neglected field and is a significant factor in dealing with change.

The Committee strongly supports the good governance agenda and considers the efficiency, effectiveness, transparency and accountability of institutions and governments to be fundamental features of successful countries. The Committee also recognises that these countries are relatively immature democracies which have limited experience in the operations and machinery of good governance.

The Committee also supports the view that Pacific politics is not well understood by policy makers in Australia and therefore the fusing of indigenous systems with the good governance agenda can sometimes create tensions. It is the view of the Committee that Australia should consistently review its approach to ensure that the governance agenda adequately takes into account Pacific political relationships, cultural and social impacts, country specific requirements and embraces all levels of society.

Recommendation 12

The Committee recommends that:

- Australia's official engagement with Pacific countries be informed by a nuanced appreciation of each country's indigenous cultural practices, social mores and authority structures;
- the promotion of Australian institutional procedures, premises, codes of conduct and values in a Pacific governance context be carried out with due regard to local needs and conditions but without undermining the essential principles of justice, equity, efficiency and accountability that such institutional practices are intended to uphold; and that
- to these ends, DFAT officials sustain regular dialogue with researchers and scholars of international repute who are active in Pacific and development studies.

Relevance of development programs

Some concern was raised that development strategies are being defined by the Australian Government and do not accurately reflect the relative circumstances or need of the recipient country.

AusAID advised the Committee that it develops country strategies for all countries to which Australia provides bilateral aid, and that these involve consultations with all stakeholders and that they are reviewed regularly to ensure relevance.

The Committee considers that such a process should be formalised with all countries in the Pacific to which Australia provides aid, similar to the *Treaty on Development Cooperation* between Australia and PNG. Such bilateral treaties should also include performance benchmarks that seek to increase local participation in the delivery of the aid program.

Recommendation 13

The Committee recommends that the Australian Government conclude bilateral treaties on development assistance with all bilateral government partners in the Pacific region. The treaties should formalise the process for consultation with all stakeholders and include performance benchmarks that seek to increase local participation in the delivery of programs as in the case of the Development Cooperation Treaty between Australia and Papua New Guinea.

PNG Incentive Fund

The Committee received some evidence that funding initiatives through the PNG Incentive Fund are not always accessible to small non-government and community-based organisations. In addition, the relevance of projects funded by the scheme were questioned.

The Committee sees enormous benefit in the scheme for the promotion of good governance. However, based on the evidence received, the Committee suggests that there may be a need for a strategic review of the Fund to ensure that the assistance provided is also targeted to areas of development in most need and is consistent with the poverty alleviation focus of the aid program.

Recommendation 14

The Committee recommends that AusAID undertake a review of the Papua New Guinea Incentive Fund to determine whether the Fund is adequately targeting development initiatives consistent with a poverty alleviation focus.

The review should consider:

- whether the Incentive Fund is meeting its objectives;
- whether the assessment of projects to be funded adequately meets the criteria; and
- an analysis of lessons learnt through this form of aid delivery.

Crisis driven aid

Evidence to the Committee suggested that Australian aid tends to be ‘crisis driven’ resulting in a distortion of the development picture and skewing the response taken by Australia to regional developments. ‘Crisis driven’ responses downplay or ignore the diversity of the region, the dynamism of change, and the fact that Pacific islanders are engaged, on an ongoing basis, in dealing with the social, environmental and political problems affecting the region.

The Committee is adamant that responses to emergencies and crises should not be to the detriment of the long term plan for development of the region.

Recommendation 15

The Committee recommends that a discrete “Emergency fund” be considered, additional to the general budget for Papua New Guinea and the Pacific region to avoid a redirection of aid from the long term development plan as emergencies arise.

Rural development

Attention was drawn to the focus on administrative and policy reform in central government bureaucracies. It was suggested to the Committee that such focus has overlooked the need to focus on rural development programs, and on creating economic, educational and employment options for young people in rural and outer island communities.

A supplementary consideration was the emphasis placed on the need to establish development contact and interchange programs as an important means of facilitating self-help among rural communities. It was argued that in addition to the educative and developmental advantages, contact and interchange programs also have the capacity to

disperse many of the costs of assistance, at a low and acceptable level, across the donor community.

To facilitate such external contact, it was suggested to the Committee that considerable scope exists for ‘twinning’ arrangements similar to those currently in force between some Australian and overseas cities. One example of how ‘twinning’ interchanges could be orchestrated was through an ‘Adopt-a-village’ proposal which aims to encourage local government councils in Australia or elsewhere to befriend and mentor a village. It was suggested that the initial project exploit the existing links between Rennell–Bellona village in the Solomon Islands and Queanbeyan City Council in New South Wales.

In light of the Committee’s discussion in Chapter Eight about Australians’ knowledge of the region and the need to build relationships between Australians and countries in the region, the Committee considers that such a proposal has merit.

The Committee is also impressed by the Australian Youth Ambassadors for Development (AYAD) Program and the work of Australian Volunteers International (AVI) and AESOP Business Volunteers. The Committee considers these programs to be effective and cost-efficient means of aid delivery at the same time as building relationships and educating Australians about the development challenges facing the region.

Recommendation 16

The Committee recommends that the Australian Government, through AusAID fund the administrative costs of a pilot “twinning project” involving a Pacific community and an Australian local government council.

The Committee recommends that following a two year review of the pilot, the Australian Government give consideration to further development and expansion of the project.

Recommendation 17

The Committee recommends that the Australian Government expand its Australian Youth Ambassador Program by 25 per cent by 2006.

Recommendation 18

The Committee recommends that the Australian Government embark on a program of annual expansion of funding to Australian Volunteers International and AESOP Business Volunteers to maintain the real value of the programs.

Institutional strengthening—law and justice sectors

The Committee considers the basis of good governance to be grounded in:

- an independent judiciary;
- a police service free from corruption;
- the capacity for a free and independent auditor (to conduct both financial and performance audits);
- an ombudsman;
- an administrative appeals tribunal; and
- an independent commission against corruption.

If these mechanisms are in place, law and order will emerge. Some countries in the region cannot meet the ideal requirements at this time but the Committee considers that development assistance should be targeted at achieving these ideals as well as educating governments and civil society about the benefits of achieving these ideals.

The Committee notes the recent comment by the Prime Minister in relation to notions of ‘pooled regional governance’. The Committee understands that this is in relation to the pooling of resources and specifically the proposal for the training of police in Fiji for use in different parts of the region. The Committee assumes that such initiatives will build on the existing bilateral initiatives and encourages these developments. However, the Committee is very concerned about reports of an overall lack of resources to support institutions and agencies and suggests that these issues must be given the highest priority.

Recommendation 19

The Committee recommends that as part of regional initiatives in the law and justice sectors, the Australian Government make supplies and equipment that are surplus to Australian police and judicial requirements available for distribution to Pacific forces.

Recommendation 20

The Committee recommends that the Australian government fund an initiative through the AESOP project to encourage retired magistrates and legal practitioners to volunteer their services to assist the judicial systems of Pacific island countries. Recruitment of suitable volunteers could be undertaken, on a fee-for-service basis, by one of the Law Societies or other relevant professional legal associations.

Institutional strengthening—public service

Public sector reform is seen as a critical governance issue for a number of countries in the region. The Committee supports the view that as public sectors are reduced, appropriate measures need to be put in place to enable individuals and communities to pursue alternative economic and social development options.

It is essential that public sector reform is carried out in conjunction with programs to assist private sector development. In addition, efforts at reform must go hand-in-hand with a public education process whereby the public is informed about the reasons for reform and the benefits that will be derived.

To assist with capacity building of Pacific government departments, the Committee made the following recommendation:

Recommendation 21

The Committee recommends that the Australian Public Service Commission coordinate the investigation by Australian Government departments of opportunities for ‘twinning’ arrangements with their Papua New Guinean and Pacific Island counterparts in order to develop linkages between the departments and share the knowledge and expertise of Australian public servants.

Institutional strengthening—parliaments

The Committee regards a nation’s parliament as having a crucial role in the promotion of governance through the parliament’s exercise of its accountability mechanisms. Any attempts to improve governance in the Pacific must recognise the fundamental and strategic role played by the country’s parliament both in developing legislative frameworks and carrying out the essential scrutiny and accountability functions.

Australian parliaments at both State and national levels have extensive experience in training members of parliament and parliamentary staff in procedures and practices. The Committee believes that these resources should be made readily available to Pacific nations.

Recommendation 22

The Committee recommends that representatives of the Australian Division of the Inter-Parliamentary Union, the Commonwealth Parliamentary Association and the Centre for Democratic Institutions, along with relevant officials from the Department of Foreign Affairs and Trade and AusAID, develop a vehicle for the coordinated provision of training services aimed at the institutional strengthening of parliaments in the Pacific Region.

Recommendation 23

The Committee recommends that the Presiding Officers develop strategies for the closer involvement of officials and parliamentarians of the Australian Parliament to assist in the promotion of good governance in the Pacific Region.

The role of women in development

The problems faced by women in the Pacific include illiteracy, poverty, unemployment, poor health, discrimination, heavy daily workload, violence, and low participation in the political process and decision-making at all levels. A number of submissions addressed the need for a greater focus on the role of women.

The Committee considers it important to ensure that development programs address the needs of women and empower women through increased access to information and the promotion of their active involvement in leadership, decision making and politics throughout the Pacific.

Recommendation 24

The Committee recommends that AusAID develop other mechanisms to support women's increased involvement in the aid program and reward those projects that have a demonstrable involvement of women.

Recommendation 25

The Committee recommends that AusAID continue its funding to the Fiji Women's Crisis Centre and investigate opportunities for similar centres to be established elsewhere in Fiji as well as in other Pacific island countries to address issues related to violence against women.

The future direction of aid

The Committee accepts the criticism that successive Australian governments have tended to regard the aid budget as something adjusted in the light of overall budgetary strategy rather than as a constant factor. This has resulted in competing tensions about how we decide the level of our aid. The Committee believes that strong, stable signals about what the reliable aid input will be are crucial if recipient countries are to be able to plan properly.

The Committee considers that one way of providing efficient and cost-effective development assistance will be to develop 20–25 year strategies for its regions of activity with a minimum guarantee of funding for five years. This will provide planning certainty and reduce the risk of ad hoc and inadequate programs and projects. It may also go some way to addressing the issue of differing definitions of development. The fear that assistance is short–medium term may also be what fuels the squandering of some of it.

The Committee is also supportive of AusAID's focus on sector-wide approaches, on programs and projects in economic development, health, education, law and order, and the participation of civil society. Whilst the Committee is supportive, the Committee also considers a need to ensure that this focus is achieving its objective in the most efficient and effective way and with proper coordination with other donors. It is possibly too early to tell if this is the case now, therefore the Committee suggests that the Senate continue to revisit this issue.

Recommendation 26

The Committee recommends that in 2006, the Senate asks the Senate Foreign Affairs, Defence and Trade Committee to conduct an inquiry into the efficiency and effectiveness of AusAID's program delivery in Papua New Guinea and the Pacific. This inquiry should include reference to AusAID's effectiveness with regard to:

- stability in the region;
- promotion and fostering of good governance;
- the incorporation of civil society;
- incentive schemes; and
- the effectiveness of regional pooling of resources to address governance issues, particularly those in the policing and justice sectors.

Chapter 6—Australia's Political relations with PNG and the Pacific

The Committee agrees that, due to Australia's geographical position, shared history, former colonial status and links between indigenous populations, Australia has a special relationship with the Pacific region, and with it, a special responsibility and opportunity to engage with the region in a cooperative and supportive relationship.

Whilst most government and opposition members who met with the Committee during its visit to the Pacific expressed general satisfaction with political relations with Australia, other evidence to the inquiry was concerned about certain aspects of that engagement.

The absence of the Prime Minister at regional meetings

The annual Pacific Islands Forum meeting is considered by some to be "the principal opportunity for the Australian Government to show its commitment to the region through attendance at the highest level of government". The Australian Prime Minister was criticised for having not having attended all Pacific Island Forum meetings since the government was first elected in 1996.

Evidence to the Committee suggested that the non-appearance of the Australian Prime Minister is a direct insult in cultures where status, recognition and the conventions of identity are of paramount importance.

The Committee also gained a strong understanding of the importance for Pacific island countries of the attendance of the Prime Minister at these meetings from its discussions during its visit to the region. The attendance of the Prime Minister acknowledges the importance of the region to Australia.

Recommendation 27

The Committee recommends that the highest priority be given by the Prime Minister of the day to attend all Pacific Forum Meetings.

Other Ministers and Members of Parliament

Evidence to the Committee suggested that another important level of engagement in the Pacific that could be enhanced is that between Members of Parliament and Presiding Officers. It was considered that the long term benefit to such a system would be an improvement of relations with the countries of the Pacific and a demonstration of leadership by Australia through greater bilateral and ministerial and parliamentary contact.

Given Australia's proximity to Papua New Guinea and the Pacific, it was suggested to the Committee that current arrangements for ministerial and parliamentary visits to the Pacific could be enhanced by a program whereby Australian parliamentarians are entitled to travel to the region on bona fide training and exchange programs that does not require the same approval process as for all other international travel and does not affect Parliamentarians travel entitlements.

Recommendation 28

The Committee recommends that the Presiding Officers of the Commonwealth Parliament develop modified travel guidelines to facilitate the involvement of Australian parliamentarians in bona fide training and exchange programs with parliaments of the Pacific Island countries.

'Pacific Strategy'

The majority of evidence to the Committee recommended an end to the Government's policy of processing asylum seekers offshore—the 'Pacific Strategy'.

The 'Pacific Strategy' is considered to feed the perception within the region that Australia's domestic political considerations are more important than broader regional issues. Issues were also raised in relation to the perceived lack of transparency of the strategy and negotiations and the extent to which the uncertainty was impacting on political stability in an already unstable region. Questions were also raised about the long term social impact of the policy.

Recommendation 29

The Committee recommends that the Australian Government consider modifying the operation of its Pacific Strategy which would allow for the removal of Nauru and Manus Province in Papua New Guinea as refugee processing destinations.

Chapter 7—Security and transnational organised crime

The Committee agrees that the strategic challenges of the Pacific lie in the isolation of the countries, the large ocean mass and Pacific island countries' lack of 'visibility' of their air and sea space. It is likely that Pacific island countries, particularly in Melanesia, will continue to suffer political, ethnic and social tension intensified by continuing economic decline and poor governance. Moreover, the fragility of the region because of its disposition to natural disasters, suggests that requests to the Australian Defence Force for humanitarian assistance can also be expected. All of these realities have serious implications for Australia.

The key to dealing with threats in the region is the recognition of the mutual benefit to be realised through the development of adequate shared intelligence. It is abundantly clear that domestic responses to security issues require a two-pronged approach—legislative change and the enhancement of local capacity to enforce that legislation. This will require a further substantial upgrade by Australia of existing assistance for the provision of administrative resources and in-country training. This will necessarily include expertise to assist with the drafting and implementation of legislation.

The Committee is strongly of the view that in order to adequately develop security policies relating to the region, more systematic monitoring and collection of data is essential. To this end, Australia should apply resources to effective surveillance and intelligence gathering. Such a package could include greater cooperation in maritime and airspace patrolling and satellite surveillance and the establishment of a modernised network of designated coast-watchers. This would greatly enhance Pacific island countries' ability's to police and control their exclusive economic zones.

Solomon Islands

Specifically in relation to the Regional Assistance Mission to the Solomon Islands, the Committee made the following recommendations:

Recommendation 30

The Committee recommends that, within the context of *Operation Helpem Fren*, the Australian government facilitate the involvement of key Australian indigenous leaders and advocates in working with their Solomon Islands counterparts to promote and implement the proposed reforms.

Recommendation 31

The Committee recommends that as a discrete Parliamentary contribution to *Operation Helpem Fren*, officers of the Australian Parliament and the Parliamentary Education Office be made available for capacity building programs for the Solomon Islands Legislature.

Money laundering and terrorist financing

The Committee was advised that many countries in the Pacific are now in the process of implementing anti money laundering and counter terrorism programs but that Financial Intelligence Units to facilitate the exchange of financial intelligence are an essential element of that framework. The Committee is particularly concerned that Nauru and the Cook Islands remain on the OECD's Financial Action Task Force's 'Non-Cooperative Country or Territory' list.

Recommendation 32

The Committee recommends that the Australian Government provide dedicated additional funds to Austrac to enable the agency to strengthen its support for Pacific Island efforts to address money laundering and terrorist financing. Particular efforts should be applied to Nauru and the Cook Islands.

Chapter 8—Australians' knowledge of the region

The Committee sought to explore the extent to which the usual means of awareness raising—primarily the media and education—are failing to secure the sustained interest of most Australians in Pacific issues, or to convey an adequate account of the richness and diversity of Pacific island cultures, of their political and economic circumstances, and of their inhabitants' views of Australia as a regional power.

The Committee found that the ignorance of otherwise globally aware Australians concerning Pacific affairs appears to stand in stark contrast to the relatively well-informed views of Australia that are encountered amongst the educated sections of the Pacific population.

The Committee found there to be a complete absence of any pervasive, coherent practice of engagement which brings Australia and the Pacific countries together in a way that might enable each country and its citizens to fully represent themselves to each other.

From its own discussions with Pacific communities and leaders, the Committee can confirm the fundamental importance of person-to-person connection as the basis for more elaborate relationships—political, commercial, institutional, cultural. In the Committee's view, based on extensive discussions with Pacific leaders as well as on the evidence of numerous witnesses, the Australian government must heed the message of the importance of direct personal links if it is to secure an influential seat at the table of Pacific nations.

The Committee also discerns a vicious circle in the way the media deals with the Pacific. With most journalists spectacularly ill-informed about the region, any reports that they might make on a fleeting visit—usually at a time of crisis—are bound to be superficial and reinforce the very prejudices with which they arrive.

Evidence to the Committee suggested that both the level of teaching and research endeavour may be dwindling. Moreover, the scholarly product and expert advice that emerges from these diminishing sources seems to fall on unreceptive ears. In addition, the Committee believes that within school curricula, a strong case can, and should, be made for a greater use of the Pacific region as the *context* within which the study of economics, the environment, geography, history, art, languages, civics or sociology might take place.

The Committee is persuaded that a coherent, strategically–focussed array of educational and promotional initiatives, resourced for the long haul and driven by a high–powered council of eminent persons from the academies, journalism, business and the professions will arrest the decline in the knowledge of and interest in Pacific affairs and in the relationship between Australia and the Pacific.

Recommendation 33

The Committee recommends that the government establish the Australia–Pacific Council¹ to advance the interests of Australia and the countries of the Pacific region by initiating and supporting activities designed to enhance awareness, understanding and interaction between the peoples and institutions of the region.

The functions of the Australia-Pacific Council (AustPaC) shall be:

- to make recommendations to the Australian Government, through the Minister for Foreign Affairs, for the broadening and deepening of the relationship between Australia and the Pacific;
- raising awareness of the Pacific in Australia and of Australia in the Pacific, and promoting visits and exchanges between the two countries of individuals and groups for the purpose of broadening relations in a number of areas, including the arts, commerce, education, the news media, science and technology, and sport;
- encouraging the development of Australia–Pacific institutional links between universities, museums, libraries, technical colleges, research institutes, professional bodies and appropriate non–government organisations; and
- supporting Australian studies in the Pacific, and Pacific studies in Australia.

1 Including Papua New Guinea.