

## **GOVERNMENT RESPONSE TO THE SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE REPORT –**

### ***A PACIFIC ENGAGED - AUSTRALIA'S RELATIONS WITH PAPUA NEW GUINEA AND THE ISLAND STATES OF THE SOUTH-WEST PACIFIC***

The Government thanks the Senate Foreign Affairs, Defence and Trade References Committee for the comprehensive consideration given to the wide range of issues in the above-mentioned Report. The Report makes thirty-three recommendations. The Government response to these recommendations is provided below.

#### **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.*

#### **ACCEPTED IN PART**

Many of the elements described in the recommendation as objectives for a Pacific economic and political community are integral to Australia's relations with Pacific Island Countries (PICs) and to relations between the island states. The Government is actively supporting further development of practical measures to strengthen regional approaches to good governance and security. However, it does not believe that a single political and economic community, including a common currency, is likely or practical in the foreseeable future. The Government supports the continuation of research, analysis and debate on all aspects of Pacific policy.

Significant elements of a regional, or "community", approach already exist in the Pacific region. These include, but are not limited to: the Pacific Islands Forum; the Secretariat of the Pacific Community; the University of the South Pacific; the Forum Fisheries Agency; and regional approaches to trade such as the Pacific Island Countries Trade Agreement and the Pacific Agreement on Closer Economic Relations. A strong regional approach to

security issues has also been evident in participation by island states in the Regional Assistance Mission to Solomon Islands. A key element of the Government's policy approach is to help strengthen existing regional bodies and approaches so that they can more effectively assist PICs, particularly the smallest countries, to address contemporary challenges, including in the areas of governance and security.

At the 2004 Pacific Islands Forum (PIF), leaders approved terms of reference for development of a Pacific Plan to create stronger and deeper links between sovereign countries of the region and identify sectors where the region could gain the most from sharing resources of governance and aligning policies. Australia is an active member of the Forum task force established to develop the plan which will be submitted to leaders in 2005. Development of the plan follows Australia's successful promotion, initially at the 2003 PIF, of the concept of pooling regional resources to improve governance. Pacific leaders agreed at that time that the pooling of scarce regional resources to strengthen national capabilities warranted serious consideration.

In March this year, the government announced the development of Pacific 2020, a report examining means of promoting economic growth in the Pacific. Pacific 2020 will be complementary to and will help advance the Pacific Plan and other regional economic-related activities. The report, to be prepared by the end of 2005, will be the second in a ten-yearly examination of the development challenges confronting PICs, Papua New Guinea (PNG) and East Timor. Preparation of the report will draw heavily on regional and international partners to examine the region's record of growth and highlight practical policy options to improve growth prospects over the medium and long-term.

The Government's promotion of pooled regional governance builds in a very practical way on existing successful examples of pooled regional approaches. The Government recognises that many PICs are small, have limited resources and are distant from major markets, and that it will be increasingly difficult for all regional countries to maintain on a purely national basis all the sophisticated arms of modern government and to provide in every case what the private sector does not. It is common sense for PICs to consider further the opportunities for improved efficiency and effectiveness by managing their resources and affairs on a regional basis where appropriate – or, at least, to consider how a mix of regional and national capabilities, making full use of both private and public sectors, can improve the services provided to the region's populations. The Australian Government believes that the most effective way of advancing this regional agenda is through concrete, practical proposals such as the Pacific Regional Policing Initiative announced by the Prime Minister in 2003 and implementation of the Forum Principles on Regional Transport Services agreed by leaders in 2004. The declaration of principles was as a result of leaders' consideration of an Australian-funded regional transport study aimed at improving the efficiency and effectiveness of regional air and shipping services.

The Government has recognized the need to improve environmental standards in the Pacific given the increasing pressures on key land and marine resources (e.g. forests and fisheries) and the importance of natural resource-based industries to the economies of the PICs. Australia has taken the lead role in ensuring the South Pacific Regional Environment Programme (SPREP) is effective in delivering a more strategic approach to capacity development assistance to the PICs. Additional support on strengthening environmental governance in the region is being provided to SPREP and the PICs by the Department of the Environment and Heritage through the Government's Pacific Governance Support Program.

The Government does not believe that a single Pacific economic and political community is practical in the foreseeable future. This is for a combination of reasons including the uncertainty of benefit flowing from complete integration, and the continuing importance of national sovereignty to all nation states, including small island countries.

Similarly, the adoption of a common currency for the region is not a practical proposition at this time. In parts of the region, the preconditions for introducing a regional currency, such as stable institutions, strong banking systems, flexible price and wage arrangements and available reserves do not exist. Neither is it clear that the benefits of the region adopting the Australian dollar would outweigh the potential costs such as loss of monetary independence. A priority for countries in the region is to improve economic governance, including through better macroeconomic policies, fiscal discipline, transparency and accountability.

There is undoubtedly scope for further pragmatic regional cooperation, an important element of which will be the strengthening of the Pacific Islands Forum and its Secretariat and developing practical cooperation under the Forum's Pacific Plan process. The Government is committed to continuing to encourage and work with other Forum members to foster greater regional cooperation and integration where practical, in recognition of Australia's direct interests and our leadership responsibilities in the region.

## **Recommendation 2**

*The Committee recommends that an Eminent Persons Group be established, with access to specialists from Australia, New Zealand, Papua New Guinea 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 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.*

NOT ACCEPTED

The government does not agree that an Eminent Persons Group would be the most useful approach to investigate a proposal which is not likely to be realised in the foreseeable future. However, discussion of such issues can usefully continue in academia, the media and the community more broadly. The Government did participate actively in an Eminent Persons Group commissioned by leaders at the Pacific Islands Forum in August 2003 to review the Forum and Forum Secretariat and is participating in the development by the Forum of a Pacific Plan to encourage sharing of resources and aligning policies.

### **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.*

ACCEPTED

The Government will continue to investigate more sustainable and effective ways of assisting regional governments with the collection and dissemination of reliable and timely statistical data. Through the aid program, the Government provides a range of bilateral assistance to PICs to build data collection and analysis capacity within national statistics offices (NSOs) and other government departments.

At a regional level, the Government also provides considerable support to the statistics and population and demography units of the Secretariat of the Pacific Community (SPC). SPC has long been involved in assisting PICs to develop their statistical capacity and to create a workable socio-economic database for the region. SPC consults closely with other regional organisations in the region, including the Pacific Islands Forum Secretariat.

The SPC recently developed the Pacific Regional Information System (PRISM) to give NSOs the tools and the skills to develop and publish key statistical indicators, statistical summaries, reports, concepts, definitions and other documentation. The NSOs have agreed on a core set of important economic and social statistics to be included in PRISM for each country. NSOs have also set up their own websites which SPC now uses to compile and update a regional database of standard social and economic statistics. The Government provides annual funding of close to \$720,000 for SPC's PRISM, statistics and demography programs.

Australia has also supported improvement of regional statistics as a priority area under the Pacific Plan. As a Pacific Plan taskforce member, Australia is working with other PICs and the SPC to find new ways of sharing governance resources and aligning policies to further improve statistics at both the regional and national levels.

The Australian Bureau of Statistics will continue to provide technical support on statistical methodologies, in cooperation with the SPC and other agencies, to help improve the range and quality of statistical information compiled in PICs.

#### **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.*

NOT ACCEPTED

The Government understands this recommendation relates to plant and animal quarantine, not to human quarantine, and notes that some of the specific examples raised in the report relate to food safety rather than quarantine.

The Government will investigate practical means to improve dialogue with quarantine and health authorities in the region in order to promote mutual understanding of bilateral issues of concern and develop strategies for their resolution. Regular face-to-face meetings between Australian and regional officials of relevant agencies would play a part in improving dialogue, although the suggestion of involving all regional countries in these discussions and holding bi-annual meetings is considered impractical given existing resources.

#### **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.*

ACCEPTED IN PRINCIPLE

The Government notes that it already invests substantially in such activities in the region.

The dialogue referred to in the Government's response to Recommendation 4 would assist in identifying technical market access issues that are amenable to resolution through technical cooperation and capacity building. AusAID involvement in technical cooperation and capacity building would need to be assessed on a case-by-case basis.

#### **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.*

ACCEPTED

As noted by the Committee, PICs have broadly accepted the need for economic reform, but have found the challenges of implementation difficult. While improvements in capacity will assist the implementation task, the development of constituencies in support of reform is also important.

The Forum Economic Ministers' Meeting (FEMM), which first met in 1997, was established at Australia's initiative to promote improved economic management in the Pacific and to develop appropriate policy frameworks for the achievement of the islands' sustainable development goals. FEMM provides a valuable forum for supporting the adoption of reform policies, and for encouraging the islands to deal with the more difficult challenges of implementation. FEMM has recognised the importance of explaining the benefits of economic reform to island populations by considering, at several of its meetings, communication strategies and coalition building in support of reform in the wider community. FEMM's encouragement of the development of private sector representative associations which, themselves, have an advocacy role is an important example of its recognition of the key role of public education and awareness raising.

Australia is supporting a new Pacific Media and Communications Facility (PMCF) to the value of \$2.1 million from May 2004 to 2007. PMCF is undertaking a strategic analysis of communication capabilities in the Pacific to provide media training, workshops and attachments. This is strengthening the abilities of Pacific journalists, governments and civil societies to articulate and debate public policy issues in an accurate and balanced manner. The coverage of significant regional meetings (Forum Economic Ministers' Meeting-FEMM, Forum Trade Ministers' Meeting-FTMM and other Forum Meetings) is a critical objective of the PMCF.

### **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.*

NOTED

The Government's Tourism White Paper, which was released on 20 November 2003, reiterates the Australian Government's support for the establishment and maintenance of bilateral and multilateral relations to foster complementary development of tourism within our immediate Asia-Pacific region and in other regions where mutual interest is served.

### **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.*

NOTED

Tourism is a significant and sustainable industry in the region and, as such, should rely primarily on private sector investment rather than on donor funding. A key impediment to growth in tourism in the Pacific is access, which is difficult and costly. One issue is the need to improve air access, flight frequency, and fare levels by rationalizing air routes, aircraft, and services, and by developing an improved network of regional routes and links with larger neighbouring destinations and source markets. At the 2003 Pacific Island Forum in Auckland, the Australian Government announced funding for a Pacific Regional Transport Study to consider benefits, including in tourism, from rationalising air and shipping services. Completed in June 2004, the study aimed at improving the efficiency, effectiveness and sustainability of air and shipping services in the Pacific. The report of the study was considered by Leaders at the 2004 Pacific Islands Forum and led to adoption of the Forum Principles on Regional Transport Services (see response to recommendation 1). The Australian government is providing \$2 million to enable Forum island countries' access to specialist economic, financial and legal expertise to make key policy decisions in the transport sector. Australia is also working with other donors to ensure a coordinated approach to assistance for transport reform in the Pacific.

Australia, through the aid program, also supports the Pacific Enterprise Development Facility (PEDF), and the Pacific Islands Trade and Investment Commission (PITIC), which are other key regional organisation that focus on tourism. Within existing support, the Government is prepared to consider the benefit of a joint industry-PEDF-PITIC study into non-transport related issues impacting on tourism.

### **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.*

NOTED

Subject to implementation of the Forum Principles on Regional Transport Services and any joint industry-PEDF-PITIC study into non-transport issues impacting on tourism, the merits of developing a medium-to-long-term strategic plan for tourism in the Pacific region could be considered by the Department of Industry, Tourism and Resources (ITR) in consultation with other relevant Government agencies and the Pacific Islands Forum. Issues regarding the resourcing and funding of the strategic plan would also need to be addressed.

As indicated in the Tourism White Paper, ITR will continue to be the primary source of policy advice on tourism. Tourism Australia's main responsibility is the promotion of Australian tourism.

### **Recommendation 10**

*The Committee recommends the Australian 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.*

NOTED

Australia has traditionally not supported programs to bring low skilled seasonal workers to 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.*

NOTED

The Government's response is the same as for Recommendation 10.

### **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.*

ACCEPTED

Australia's official engagement with PICs is informed by detailed knowledge of the region. Australian Heads of Mission and other posted officers at Australia's Embassies, High Commissions and Consulates General in the region are very much engaged with their host countries and provide nuanced assessments which assist in guiding policy development.

In developing and promoting Australian policy towards Papua New Guinea and the Pacific, the Government encourages an active dialogue with community, business and church groups as well as with academics in Australia, Papua New Guinea and across the Pacific.

### **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.*

NOT ACCEPTED

Australia's aid programs in the Pacific are developed in close consultation with partner governments and other stakeholders. Australia already has in place formal instruments on development assistance such as Memorandums of Understanding (MOUs) with all bilateral aid partners. By being regularly reviewed to ensure relevance, country frameworks and MOUs provide a more flexible, appropriate and relevant structure of aid delivery than would bilateral treaties. The Development Cooperation Treaty arrangement with Papua New Guinea reflects the particular history of Australia's special aid relationship with that country.

### **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.*

ACCEPTED IN PRINCIPLE

AusAID commissioned a review of the Papua New Guinea Incentive Fund in August 2002 to assess whether the Incentive Fund was adequately targeting Papua New Guinea's development priorities consistent with a poverty alleviation focus. The review report (December 2002) endorses the objectives of the Incentive Fund, commends its innovative approach, and recommends it should be "rebalanced" to target more closely the development priorities of PNG and Australia. Some recommendations from the review have already been implemented.

Subsequent to the 2002 review, the joint Australia-PNG review of the bilateral aid program, agreed by Ministers in Adelaide on 11 December 2003, reported further on the implementation of the Incentive Fund in September 2004. In particular, the Joint Aid Review found that

- the Incentive Fund is meeting its objectives to reward institutions of excellence and to promote good governance, including corporate governance.

- a further review of the Incentive Fund is not required as the 2002 Review provided a comprehensive assessment and the necessary direction for outstanding issues to be resolved.
- remaining differences on whether the Fund is adequately focussed on the mutually agreed development priorities and is meeting the needs of PNG's rural poor, need to be resolved by the two governments through closer dialogue and engagement.

### **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.*

NOTED

The Australian aid program has a humanitarian and emergency component (estimated at \$131m in 2004-05). These funds are largely un-programmed at the start of the financial year and provide the aid program with the flexibility to respond to emerging events. This funding is additional to normal bilateral or regional programs and is utilised without impacting on ongoing development activities.

### **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.*

NOTED

AusAID, the Commonwealth Local Government Forum (CLGF) and the Australian Local Government Association (ALGA) work together on twinning relationships between local governments in Australia and local authorities in Papua New Guinea. PNG and Australian local councils make significant mutual, in-kind contributions to the program. The CLGF is also involved in twinning/partnership programs in the Pacific. The CLGF works to promote and strengthen democracy and good governance in local government across the Commonwealth, and to encourage the exchange of best practice — through conferences and events, its Good Practice Scheme (incorporating local government skills exchange with PNG), and research and information on innovation. AusAID has supported the CLGF's focus on building the capacity of the PNG Urban Local Level Government Association, through a twinning relationship with the Local Government Association of NSW and three Urban Local Level Governments. These twinning relationships are between the Mt Hagen and Orange Local Level Government Councils, Lae and Cairns, and the National Capital District and Townsville Councils.

Building partnerships is a priority for the aid program. Cost-effective proposals for a "twinning project" from a partner government or Pacific community would be considered for possible support under normal appraisal and approval processes.

An example is in Tonga, where the Australian aid program is supporting innovative community twinning projects at Vaiola Hospital – one with St John of God Hospital and Rotary Club of Ballarat, and one with Australia's National Centre for Diabetes Research.

AusAID will continue to work with the CLGF and initiate twinning projects where appropriate. The PNG partnership was at its two year point in July 2004, and a review commenced in August 2004 as a part of routine AusAID activity management, to inform any potential further engagement with the partnership approach.

### **Recommendation 17**

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

ACCEPTED

The target expansion of the Australian Youth Ambassadors for Development (AYAD) program by 25 per cent in the Pacific by 2006 will be exceeded. The Australian Government will provide an additional \$24.5 million to the Youth Ambassadors for Development Program over the next four years. By 2006 there will be around 400 young Australians selected for overseas development assignments under the Program. An extra 55 youth ambassador placements will be funded for the Pacific, increasing the numbers from 70 to 125.

### **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.*

NOT ACCEPTED

Ongoing Australian funding for volunteer programs is closely linked to value for money for the Commonwealth and the development effectiveness of delivery mechanisms. While the Commonwealth values the contribution volunteerism makes, this is distinct from a commitment to any particular delivery entity. Following a recent assessment process and in order to determine definitively value for money in Government support for volunteer programs, the Government has tendered for volunteer services with a view to contract arrangements from July 2005. A review of the Australian Government's overseas volunteer policy was undertaken in early 2004. A new Volunteer Policy has been developed in consultation with stakeholders and made available in August 2004. Future funding will take account of the Government's new volunteer policy and will be considered in the annual budget context and subject to competing Government priorities.

### **Recommendation 19**

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

ACCEPTED IN PRINCIPLE

The appropriateness, interoperability, safety and sustainable use of supplies and equipment available for distribution to Pacific island forces needs to be discussed and agreed to by Australian and Pacific island countries on a case-by-case basis.

### **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.*

ACCEPTED IN PRINCIPLE

The Government supports extensive legal and justice sector programs in the Pacific and utilises the best mechanisms available for delivering this assistance. Australian legal practitioners currently participate in aid program-funded volunteer programs which are responsive to the needs identified by PICs. Any expansion will be considered in conjunction with the priorities of the Australian Government's development cooperation strategy for the Pacific region and relative needs and development priorities of PICs.

The Regional Panel of Appellate Judges provides access for PICs to serving and retired judges, including judges from Australia, New Zealand, Papua New Guinea and the United Kingdom. Assistance projects are also underway for regional prosecutors under the International Association of Prosecutors, and for regional judicial training.

### **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 Islands counterparts in order to develop linkages between the departments and share the knowledge and expertise of Australian public servants.*

NOTED

Through the aid program, there are already significant activities in the Pacific progressing twinning arrangements with the Australian Public Service. These include public sector reform/institution strengthening projects in Papua New Guinea (including a large twinning program with both the Department of the Treasury and the Department of Finance and Administration); Fiji (e.g. NSW Premier's Department twinning with the Fiji Public

Service Commission); and Solomon Islands (involvement of Department of Finance and Administration and Treasury officials).

In 2004-05, Australia is providing \$6 million for a new initiative, the Pacific Governance Support Programme (PGSP), which will enhance the opportunity for linkages between Australian Government agencies and their Pacific counterparts so that networks can be established and expertise shared. The PGSP is funding activities designed and undertaken by Australian Government agencies to develop public sector expertise and build institutional capacity in Pacific Islands states while strengthening regional approaches to shared problems. Twenty-one activities are being funded under the program in 2004-05 including measures to improve maritime and aviation security, public sector capacity, financial institutions, electoral processes and judicial administration.

As well, the Pacific Islands Scholarships for Governance (under the Australia and New Zealand School of Government) will provide five senior Pacific island public servants each year with high-level management and leadership training and a three months work attachment to a relevant Australian agency.

The APS Commission works closely with other Australian Government departments and agencies on such mutually beneficial arrangements. Such issues are discussed in a Pacific Inter-Departmental Committee chaired by the Department of Prime Minister and Cabinet.

Some regional organisations, including the Pacific Financial Technical Assistance Centre, also coordinate twinning arrangements between different Pacific island countries and Australian and New Zealand government departments. The APS Commission is working with the PNG Public Service Commission and Department of Personnel and Management to identify areas of reform and assistance that might be provided to support such reform.

The Public Service Commissioner participated in Pacific Islands Public Service Commissioners' Conferences in March and October 2004 to discuss issues related to good governance and public sector reforms in the Pacific. In future, these meetings are to be held on an annual basis, with the next scheduled for March 2005. The APS Commission is also working with Pacific Islands Public Service Commissioners on a range of other issues including a work attachments program which will provide an opportunity for up to ten senior officials in 2004-05 to undertake short-term placements in Australia to gain useful knowledge and experience in areas of public sector management.

## **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.*

NOTED

The Australian Government recognises the importance of supporting parliamentary accountability as part of the broad spectrum of support for good governance. Since 1998

the aid program has provided core funding of up to \$1 million each year to the Centre for Democratic Institutions (CDI).

The Pacific is a focus of CDI's work. The key project which supports institutional strengthening of parliaments in the Pacific is the Pacific Parliamentary Retreat. The Pacific Parliamentary Retreat has grown to become one of the CDI's foremost annual events. This annual retreat provides a forum for parliamentarians to discuss democratic systems and processes, using Australian state parliaments as an example.

The Government notes that the Presiding Officers, in their capacity as Joint Presidents of the Australian National Group of the Inter-Parliamentary Union and the Commonwealth of Australia Branch of the Commonwealth Parliamentary Association, have also provided a response to this recommendation, which was tabled in the Parliament on 1 April 2004.

### **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.*

This is a matter for the Presiding Officers, whose response was tabled in the Parliament on 1 April 2004.

### **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.*

ACCEPTED

The Government released its Gender and Development (GAD) Policy in 1997. The policy requires AusAID to ensure that a gender perspective is integrated throughout the aid program.

In 2001, AusAID undertook a major review to assess its progress in implementing the GAD policy and to identify lessons learned. That review concluded that while AusAID had made progress in mainstreaming gender in aid activities, more could be done. The review therefore provided a number of practical recommendations at both agency and activity level that AusAID is now implementing. These recommendations included the development of a GAD plan of action, which will include clear, achievable objectives and measurable outcomes.

In addition to the gender mainstreaming approach, AusAID provides support to women's groups through the funding of multilateral organisations such as the United Nations Development Fund for Women (UNIFEM), regional groups and bilateral activities such as women's crisis centres in Fiji and Vanuatu. AusAID is further investigating ways to support improved networking of women's organisations in the Pacific.

### **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.*

ACCEPTED

The government has agreed to a new five-year phase of funding to the Fiji Women's Crisis Centre (FWCC) which began in July 2004. This activity will include continuing support for FWCC's regional training program for the staff of similar centres in the Pacific. AusAID is also working with other donors, particularly with NZAID, in ensuring a harmonised approach. FWCC manages two branches in Fiji as well as the Vanuatu Women's Centre, providing mentoring and training in financial management, counselling and legal assistance. The Vanuatu Women's Centre now provides mentoring to two smaller centers in Vanuatu. AusAID is discussing options with FWCC for providing these services to related organisations in the region.

### **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.*

This is a matter for the Senate.

### **Recommendation 27**

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

ACCEPTED

Australia will continue to maintain its high level of engagement with the Pacific Islands Forum, including attendance by the Prime Minister at leaders' meetings whenever possible.

### **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.*

This is a matter for the Presiding Officers, whose response was tabled in the Parliament on 1 April 2004.

### **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.*

NOT ACCEPTED

Legislation changes in September 2001 resulted in the transfer of new arrivals to processing centres outside Australia under what is known as the Pacific Strategy. The Pacific Strategy has been an outstanding success in deterring people from attempting to enter Australia illegally by boat. Since the interception of the MV Tampa in late August 2001, 2,083 people on 19 boats entered Australian waters, as at 7 April 2005. Of these, 614 people on five boats were returned to Indonesia on the boats they arrived on; two were returned by air to their country of origin; a further 15 people, Indonesian nationals, were returned to Indonesia by air charter; and the remaining 1,452 people who arrived on 12 boats, were transferred to off-shore processing centres in Christmas Island, and in Nauru and Papua New Guinea. This total of 2,083 people includes no boats in 2002-03 and only 82 people on three boats in 2003-04.

The offshore processing centres are an important element of the Government's contribution to regional and global efforts to stem the flow of irregular migrants and to combat the activities of people smugglers. Other elements include legislative amendment to create disincentives for asylum seekers to use people-smugglers or bypass effective protection opportunities in order to obtain a preferred migration outcome; regional cooperation; and improved sharing of information and intelligence.

The Pacific Strategy addresses broad regional concerns about countering people smuggling and terrorism. Australia has been greatly assisted by the Governments of both Papua New Guinea and Nauru which embraced the opportunity to participate as a significant contribution to regional cooperation.

The Pacific Strategy is wholly consistent with Australia's obligations under the 1951 United Nations Refugees Convention and its 1967 Protocol. Where protection claims are raised by an individual, those claims are assessed according to the provisions of the Convention. No person requiring protection will be returned, i.e. refouled.

As at 7 April 2005, 54 residents were accommodated in the Nauru facility, down from a peak in both offshore processing centres on Nauru and Manus of 1515 in February 2002.

The success in deterring new boat arrivals has allowed a wind-down of operations at the PNG processing centre.

The centres are managed by the International Organization for Migration (IOM), an independent international organisation which is well regarded for its care of migrants and asylum seekers. The Office of the United Nations High Commissioner for Refugees (UNHCR) and the Red Cross have had regular access to asylum seekers in the centres. The residents are safe and well cared for.

The Government is constructing a purpose-built immigration reception and processing facility on Christmas Island.

### **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.*

NOT ACCEPTED

*Operation Helpem Fren* has been developed at the request of, and in full consultation with, the Solomon Islands Government. The assistance package is a regional response that has been endorsed by Pacific Islands Forum (PIF) leaders and involves personnel from nearly all of the PIF member countries. This co-operative approach to assisting our neighbour already draws to a significant degree on the diversity of our region. With the primary stakeholders being the government and people of Solomon Islands, the Government does not agree that involvement from other groups is necessary.

### **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.*

This is a matter for the Presiding Officers, whose response was tabled in the Parliament on 1 April 2004.

### **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.*

ACCEPTED IN PRINCIPLE

Pacific Island Countries do require support to address money laundering and terrorist financing issues. These issues are best dealt with as part of a whole-of-government approach to law enforcement capacity-building in the Pacific region. This whole-of-government approach to law enforcement requires support that is both cost effective and appropriate to the specific long-term on-the-ground needs of PICs. A number of initiatives have been funded since the Senate Foreign Affairs, Defence and Trade References Committee held its hearings.

AUSTRAC has been funded under AusAID's Pacific Governance Support Program, for a 13 month project which commenced on 1 November 2004, to strengthen the capacity within Pacific Financial Intelligence Units (FIUs) to:

- store, analyse and disseminate financial transaction reports and financial intelligence,
- enhance the bilateral relationship between AUSTRAC and Pacific Islands counterpart FIUs,
- strengthen the collective ability to track money flows indicative of money laundering, terrorist financing and other major crimes.

In June 2004 AUSTRAC and the Cook Islands Financial Intelligence Unit established a Memorandum of Understanding allowing for the exchange of financial intelligence and joint analysis of intelligence indicating possible money laundering or terrorist financing involving Australia and the Cook Islands.

In the 2004-05 Budget, the Government announced additional funds for the Attorney-General's portfolio to further strengthen law and justice assistance for Pacific Island Countries, including assistance to combat money laundering and terrorist financing. The Budget provided \$11.4 million over four years to create a dedicated South Pacific Section and a regional Financial Intelligence Support Team.

The South Pacific Section will provide advice and assistance on legal policy, good governance and legislation in the region to combat terrorism and transnational organised crime, including assistance to implement the Honiara and Nasonini Declarations.

The Financial Intelligence Support Team (FIST) is being developed to provide legal and strategic policy advice to Pacific island countries to implement international anti-money laundering obligations and ensure that existing and proposed financial intelligence units are equipped with the necessary skills to address emerging financial crimes. Once developed, the FIST will address financial intelligence support on a Pacific regional basis and will provide legal, financial and law enforcement advice, mentoring and capacity building.

The new strategies described above will be coordinated with the existing work of Pacific island countries, donor agencies, and international organisations. AUSTRAC, the Attorney-General's Department, the Asia/Pacific Group on Money Laundering (APGML) and the AFP work closely in combating money laundering and terrorist financing in the Pacific region.

### **Recommendation 33**

*The Committee recommends that the government establish the Australia-Pacific Council 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 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.*

NOTED

The Government recognises the value of broadening and promoting Australia's relations with Pacific Island countries through promoting institutional linkages and people-to-people contacts. Bodies analogous to the one being proposed which already operate within the Foreign Affairs and Trade portfolio enhance Australia's relations with India, China, Japan, the Republic of Korea, Indonesia and Latin America. Most recently the Department of Foreign Affairs and Trade established the Council for Australia-Arab Relations (CAAR). Any future consideration of a similar body for the Pacific would need to examine both the feasibility and potential benefits of such a council, including financial and other resource requirements.

**7 April 2005**