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SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES
COMMITTEE

**Reference: Australia's relationship with Papua New Guinea and Pacific island
nations**

(Roundtable)

FRIDAY, 18 OCTOBER 2002

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SENATE
FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE
Friday, 18 October 2002

Members: Senator Cook (*Chair*), Senator Sandy Macdonald (*Deputy Chair*), Senators Johnston, Marshall and Ridgeway

Participating members: Senators Abetz, Bartlett, Boswell, Brandis, Carr, Chapman, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Knowles, Lees, Lightfoot, Mackay, Mason, McGauran, Murphy, Nettle, Payne, Stott Despoja, Tchen, Tierney and Watson

Senators in attendance: Senators Cook, Hogg, Sandy Macdonald and Marshall

Terms of reference for the inquiry:

To inquire into and report on:

Australia's relationship with Papua New Guinea and the island states of the south-west Pacific (known as Oceania or the South Pacific), with particular reference to:

- (a) the current state of political relations between regional states and Australia and New Zealand;
- (b) economic relations, including trade, tourism and investment;
- (c) development cooperation relationships with the various states of the region, including the future direction of the overall development cooperation program; and
- (d) the implications for Australia of political, economic and security developments in the region.

PARTICIPANTS

CURTIN, Mr Timothy Roger Champion, Visiting Fellow, National Centre for Development Studies, Australian National University	1
DOUGLAS, Dr Bronwen, Senior Fellow, State, Society and Governance in Melanesia Project, Research School of Pacific and Asian Studies, Australian National University	1
GEORGE, Ms Nicole Louise, PhD student, Australian National University	1
HEGARTY, Mr David William, Adjunct Senior Fellow and Convenor, State, Society and Governance in Melanesia Project, Australian National University	1
McCALL, Professor Grant Edwin, Director, Centre for South Pacific Studies, University of New South Wales	1
McLEOD, Ms Abby, Visiting Fellow, Australian National University	1
MORGAN, Mr Michael Gilmore, Associate, PhD scholar and Consultant, State, Society and Governance in Melanesia Project, Research School of Pacific and Asian Studies, Australian National University	1
NELSON, Professor Hank, Australian National University	1
O'COLLINS, Emeritus Professor Maev, Visiting Fellow, Department of Political and Social Change, Australian National University	1
PIPER, Mr John Anthony (Private capacity).....	1
TIMMER, Dr Jaap, Research Fellow, Australian National University	1

Committee met at 9.07 a.m.

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PIPER, Mr John Anthony (Private capacity)

TIMMER, Dr Jaap, Research Fellow, Australian National University

CHAIR—We will now commence this morning's roundtable. I have just been asked by one of the learned members of this committee why it is a roundtable when we are sitting in a square! I will leave that to the more philosophically inclined to contemplate and answer.

Welcome to you all. This will be, I think, an engaging session. Informality will be the key but we will try and keep some structure so that we get from it the best use for our report that we possibly can. I want to thank you all for making your time available and for aiding the committee's inquiry in this manner. We do appreciate that. Without your assistance, our ability to examine issues such as this would be limited and of limited value to the wider community, so you do add to our ability to come to grips with, if we can, the issues in this reference. To all of you collectively, and to those of you who are about to arrive, let me be on the record as thanking you and welcoming you and appreciating publicly the contribution you are making.

I have a few words to read which are more appropriate to a formal hearing, in which we are actually taking evidence, rather than to a roundtable. Nonetheless, I am advised I still have to

read them, so I will do my duty and do so in a moment. When I complete that, unless there is a better idea from any of my colleagues at this table, or indeed any suggestions from the floor, it is proposed that we have a quick general introduction of each of you, led by Mr Hegarty, and from there we will turn to discussion and questions that we want to ask or that you might wish to put to us.

I now formally declare open this meeting of the Senate Foreign Affairs, Defence and Trade References Committee, and I call the committee to order. Today the committee commences its public hearings into Australia's relationship with Papua New Guinea and a number of Pacific island countries. The terms of reference set by the Senate are available from secretariat staff, and copies have been placed near the entrance of this room. Copies of the submissions from today's witnesses that have been published by the committee are also available. Today's hearing is open to the public. This could change if the committee decides to take any evidence in private. The committee has authorised the broadcasting of the public aspects of proceedings.

Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege. It is important for witnesses to be aware, however, that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. If at any stage a witness wishes to give part of their evidence in camera, they should make that request to me as the chairperson, and the committee will consider the request. Should a witness expect to present evidence to the committee that reflects adversely on a person, the witness should give consideration to that evidence being given in camera. The committee is obliged, and quite properly so, to draw to the attention of a person any evidence which in the committee's view reflects adversely on that person, and to offer that person an opportunity to respond.

An officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy. However, officers may be asked to explain government policy, describe how it differs from alternative policies, and provide information on the process by which a particular policy was arrived at. Unless there are any further comments from my colleagues, I look to you, Mr Hegarty, to open the batting on behalf of this roundtable and introduce your colleagues.

Mr Hegarty—Thank you for inviting us to be with you this morning at this hearing. We have with us this morning a small collection of scholars and senior postgraduate students from the Research School of Pacific and Asian Studies at the ANU, and two people not from the research school but who are well known to us from other institutions. We have not put together, as you will have seen, a collective submission, but there is a set of individual submissions from people with varying backgrounds, varying disciplines and varying interests in Australia's relations with the South Pacific countries. Most of our members, I have to say, have had considerable experience in Papua New Guinea and the South Pacific, both living there and working there, and certainly researching in and on countries of our immediate region. It is my pleasure to introduce my colleagues.

Dr Bronwen Douglas is a senior fellow in the State, Society and Governance in Melanesia Project in the research school. Bronwen has extensive academic experience on traditional leadership systems in the Pacific island countries and, most recently, she has specialised on the study of religion, Christianity, in the Pacific—a most important topic—and gender issues and the role of women, particularly in women's organisations in peacemaking.

Alongside Bronwen is Professor Grant McCall, who may best introduce himself, I think. Grant is from the University of New South Wales but is a long-time Pacific Islands researcher and, if I may, Senator, I will ask Grant to say a word or two.

CHAIR—Indeed.

Prof. McCall—I am a social anthropologist and I have worked in small communities from Fiji over to Easter Island, but my specialist area is eastern Polynesia. I am interested in land kinship and how that relates to development issues, particularly tourism and law of the sea.

CHAIR—Thank you.

Mr Hegarty—Mr Tim Curtin is an economist, a visiting fellow at the National Centre for Development Studies at the ANU. Tim for many years was a financial, budget and privatisation adviser to the government of Papua New Guinea. Before that he had lectured in various universities in the UK and in the United States, and he now, I think, describes himself as semiretired, living in a Canberra suburb.

Dr Jaap Timmer is from Holland. Jaap is now with us as a fellow in the State, Society and Governance in Melanesia Project. He is an anthropologist and he has done extensive fieldwork in eastern Indonesia and particularly in Papua or West Irian. Michael Morgan is just about to complete his PhD in the history department of the ANU and Michael has specialised in Vanuatu politics and history. Hank Nelson probably needs little introduction, but Hank is a professor of history at the ANU. He is a noted historian of Australia in World War II, and World War II in the Pacific Islands region. He has taught for many years, both at the ANU and at the University of Papua New Guinea.

Nicole George is undertaking a PhD in the international relations department at the ANU. Nicole's topic is around the issue of women and poverty, with particular reference to Fiji. Emeritus Professor Maev O'Collins taught for many years at the University of Papua New Guinea. Her field is social work and social anthropology and she, like most of us, has had extensive experience teaching and researching and writing about the Pacific. Professor O'Collins has also undertaken quite a number of consultancies for AusAID.

Abby McLeod has just about finalised her PhD from the University of Queensland, although she is currently a visiting fellow with us. She is an anthropologist. Her work has been undertaken in the Chimbu of the highlands region of Papua New Guinea. She has specialised in the politics of the Chimbu but particularly with reference to domestic violence and law and order issues.

John Piper is a visitor to the Australian National University, a retired Foreign Affairs and Trade officer. I think the last posting John had was as High Commissioner to Fiji some years back and perhaps, Senator, Mr Piper might like to say a few words about himself.

Mr Piper—I will leave it to the committee as the questions develop, thank you.

CHAIR—But it is nice to see you again.

Mr Hegarty—Senator, that is a brief introduction. I should perhaps say that I am the convenor of this State, Society and Governance in Melanesia Project—it is a project which the ANU runs, with support from Foreign Affairs and Trade and AusAID—and I am a DFAT officer on secondment to the ANU essentially to manage that project. In the past I have had teaching experience at the University of Papua New Guinea and elsewhere in the Pacific and formerly was the High Commissioner to Samoa. I pass over to Professor Nelson to give us an introduction to some of the issues we would like to canvass with you.

Prof. Nelson—There is probably no need to inform the committee of this first point, but I think it is a chance for the committee to educate a wider community on the significance of Australia's relations with the immediate island neighbours. There is a tendency to think that we are dealing with a tiny population—a small problem. In fact, in that area from Vanimo through to Suva we are looking at seven million people, and it is a rapidly growing population, doubling perhaps in the next 25 years. Given those numbers, you have a diversity of problems and a diversity of solutions—but there is no simple, easy solution.

To effect change in any basic indicators of economic or social welfare or in the efficiency and equity of government across that area and across that size of population is going to be difficult. Given that population and the growth of cities, the potential for disaster is magnified. The chance of an event in the next 10 years that moves beyond sporadic violence to one in which perhaps 100,000 are involved is likely rather than possible. That is an observation of mine, not something that I have canvassed with others here.

Given the volcanic activity, the terrain and the climate of that area, there will always be natural disasters. As we are speaking here now, we have people in care centres because of the Mount Pago eruption in the New Britain province. We have the Fly River low. We have supplies not getting through to the stores. We are taking basic goods, including beer, to Kiunga and Tabubil. We have drought impacting elsewhere. Australia will always be the first call in the event of natural man-made disasters. When Mount Lamington exploded in 1951, over 2,000 people were killed. Four years ago, when that tsunami swept across the lagoon at Sissano, there were more than 2,000 killed. We are dealing with a scale of disasters which, to Australians—including events in Kuta—is unthinkable. The scale is important and we have to bear that in mind. We have to convey that we are not dealing with minor matters; we are not dealing with a few scattered rural villages.

Often those seven million people are, for Australians, covered by at best just two or three journalists. The Papua New Guinean elections were, for all of the early part right through to the critical days, covered by just one AAP representative. What we have to work towards is a greater engagement, a greater knowledge of that area, and that runs right across the range, from us as academics and researchers—where there is a limited amount of knowledge in Australian universities about that region and those seven million people, where there is very little media knowledge and surveillance of it and where the engagement of government is less. So the first point I make is about the scale and the need for greater engagement across a whole range of Australian institutions. Before I go onto some other broad points, you may want to talk about that.

CHAIR—I think you should go on and complete what it is that you want to present to us, Professor Nelson.

Prof. Nelson—I will make one other broad point—made at point 14 in the submission that David and I wrote—and that is the argument against giving aid to particular countries. This is the argument that it is better to allow further decline in a country. You do not prop up failing countries. You let them fall to the point where they reach a base low point and, at that point, the citizens themselves will be motivated to carry out reform and it is at that point that you should give aid. My argument is that there are obvious defects in this approach. First, there is no necessary base low point that a country will reach. A country can always fall further; presumably can fall so far until there is only one citizen left and that citizen commits suicide. In any case, it does not follow that at some particular point—this notional base—the citizens themselves will rally and initiate reform. In fact, entrenched corruption, pervasive violence and loss of efficient leadership are likely to prevent the emergence of any cohort dedicated to reform. The defective states are likely to limp along as seriously defective states.

For those who want to argue for a tough examination of reality, it can be claimed that it is a lot easier to effect improvement in a country with part-functioning institutions than in one without functioning institutions. Aid is more effective and more easily delivered in countries where the social and economic indicators are not at the lowest levels. In any case, there is a strong humane argument against withholding aid from the desperate and deserving because we should wait until they are even more desperate and deserving people. That is an argument about aid, and I will leave it at that point.

CHAIR—I am a bit indecisive at the moment as to whether it is a good idea to ask everyone to give brief introductions to their submissions—all of you have lodged submissions—and then get into a broader conversation about it. I think we will proceed that way, although we can go to what I think are a few topical points, given the presentation that you have made, Professor Nelson, which I hear and which I read as a sort of wake-up call that Australia should pay more attention to this region, not only because it ought to but because it will be picking up the pieces of a very fragile situation, made worse by inattention, and the cost to us in meeting those obligations will be greater if we neglect the issues than otherwise would be the case. So prudence, quite apart from obligation, should be an informing parameter to our approach and activities in this region.

This is part of the region that the foreign minister and others described as the arc of instability that surrounds Australia. That was made horribly graphic of course last Saturday in Bali, and you have referred to that. Would you or anyone at the table care to make any observations, given the level of development in this region, the level of corruption that attends all underdeveloped countries and the prospect for the Pacific Islands to be a route for drug smuggling or the smuggling of terrorists or weapons or whatever aimed at Australia? How would you, in the context of what is a gripping national debate now, describe the issues that are foremost in the national consciousness with respect to this region? Is there any element that we should particularly be aware of in the Papua New Guinea-Pacific region in terms of the war on terrorism and the ability of well-funded terrorists to take advantage of underdevelopment in that part of the world? That is one thing that is in my mind.

The second thing that is in my mind is that I hate being in a position where we are always looking at the problem—and obviously that is necessary in order to get a clear fix on what one has to do about the solutions—but it is almost trite to say that part of the solution here is for what may be, in many respects, unsustainable microeconomies finding a way to greater economic sustainability to support a level of social development which will bring stability to the

region. I would be particularly interested in any comments along those lines as well. Since I have jumped in, I should defer to my colleagues to see if they have any matters they would like to register up front as well, but they are a couple of things that are foremost in my thinking in this reference.

Prof. Nelson—I will start off, but there are people here with more expertise than me. The first couple of observations are that we have been extremely lucky in this region so far—in the OPM or the civil war on Bougainville, or the war in the Solomons—in that guerilla fighters did not hook into international resistance movements and become better armed and more aggressively ideologically equipped than they were. That surprised me. I would have thought, given those movements, some of them would have hooked into other international movements. We cannot presume that will continue to be the case. So far I think it has been fortunate that that has not happened.

On the point about the movements of people who are drug smugglers—or those sorts of people—into the region, as you are aware that has already occurred and there is movement of drugs out of Papua New Guinea or through the area. David will speak more about this. But what was obvious in the Solomons was that, once that central government had lost any efficiency or authority, more individuals—I think of doubtful reputation—moved there because it was a place where you could launder money and all those sorts of things. Weak states unable to police themselves attract those sorts of activities.

One other point I will make is that in the Southern Highlands the degree to which the Southern Highlanders are armed—and armed with weapons of military efficiency and capacity—is very disturbing. The groups in the Southern Highlands are generally better armed than the police who go there, and therefore the police are not likely to go in there. Indeed, on occasions the Southern Highlanders would welcome them because they can then possess the police arms; they can disarm police and take arms. The Southern Highlands area is a real concern because of the numbers and styles of armaments available there. You almost have a situation of warlordism operating.

CHAIR—I will follow that up with one other thing. I am very conscious that I do not want to feed any incipient national paranoia that Australia is surrounded in a hostile way and that we are isolated and so forth. I certainly do not want in any way to feed any potential fear of foreigners. We have an obligation to our neighbourhood and we live, by and large, in a pretty good neighbourhood. But I do want to try and get some mature proportion around the degree of possible ‘threat’. When you say it is fortunate that the rebel groups in the area have not been hooked up with any international alignments, that is good. What I am interested in knowing is how you rate the potential for that occurring. What sort of degree of likelihood do you think there is of that occurring? Do you feel you are in a position to make any mature observations about that so that we can get it into some sort of context?

Prof. Nelson—I think it is time perhaps other people came in.

CHAIR—Indeed.

Prof. Nelson—Do you want to say anything about the Solomons, David? Perhaps Jaap might say something also.

Mr Hegarty—I will pick up on the question about the arc of instability and then come back to your more particular question, Chair. There is resistance in the academic community to this notion of an ‘arc of instability’, largely because it is a pretty easy catchphrase and it is one of those things that journalists in particular like to seize upon. If you examine the states from our west and north-west through to our north, north-east and east, you see a considerable variety of situations. Undoubtedly there is internal conflict in many of them, but the term itself essentially hides the very many positive factors occurring in each of these countries and the ways in which the countries themselves are dealing with their particular problems. It really is an overdramatic term to use in our estimation; certainly in mine.

CHAIR—What phrase would you give to it?

Mr Hegarty—We see that within our region there are degrees of turbulence and conflict that are, in many cases, being contained by the countries themselves and with the support of Australia and other actors in the region. Sure, there is a degree of instability, but in many places the instability is not of an order that will cause total collapse. It has not been, to date at least, an instability which has attracted international players. That was a point made earlier. These internal conflicts have not been internationalised, with perhaps the partial exception of those occurring in eastern Indonesia. We would be surprised—I certainly would be surprised—if the disputes in Melanesia and further east do attract the attention of international groups hostile to our interests in this region.

Dr Douglas—I would like to point to at least one historical antecedent with respect to this question of the internationalisation of terrorism, or the potential for that. In the 1980s there were some links between the independence movement in New Caledonia and Libya. A number of pro-independence Kanak went to Libya and trained and there was some suggestion of supply of weapons. This came to nothing in the end—for two reasons, I suspect.

First, it has to be remembered that in much of the region we are looking at people who are very fervently Christian. They have strong prejudices and fears about Muslims. I think for the foreseeable future there would be considerable resistance to linking up, at least with Muslim oriented terrorist groups. This was one of the problems that occurred for Kanak. There was simply very little sympathy in either direction. The other point, which David made, is that for Gaddafi’s Libya in the 1980s there was really no interest in a small, insignificant fringe colony in the South Pacific. That is likely to continue to be the case. It is not just us who regard Melanesia as tiny, fragmented and irrelevant. We should not. Then perhaps the rest of the world might not.

There is of course one level of internationalisation that goes on—and that is perhaps not on a massive scale but it is certainly on a scale that is a serious danger locally—and that is the supply of arms. Arms do get into these countries. They got into New Caledonia; not so much to Kanak, but to their opponents. Today in New Caledonia there are problems with caches of arms on both sides. They have also got into Papua New Guinea, the Solomons and Fiji. That is one level. There was also, if you recall, the Sandline crisis. That was a form of internationalisation.

I am not so worried about our paranoia over Muslim terrorists linking up, but there are obviously other potential problems. I would also like to join with David in stressing the need not to emphasise the negative. There is a danger of excessive negativity. There is also a danger of objectification in framing the questions primarily in terms of our interests, although

obviously that has to be a major consideration, if not the major consideration. The very fragmentation and differentiation of these societies is a serious problem for them. It is a serious problem for aid efforts, but it also suggests that the danger of a concerted focus against us, or of providing a terrorist or other focus against us, is fairly unlikely. Like David, I think there is a very real danger of easy catchphrases, and I do not think there is any virtue in replacing the 'arc of instability' with something else, particularly because of the very diversity of this region.

The other thing I would like to stress at this point—and I will perhaps make some other points later—is that there are great local strengths throughout the region; for example, the rural communities which underpin all these countries. Although, as Hank has pointed out, there is increasing and potentially disastrous urbanisation, nonetheless 80 to 90 per cent of Melanesians live in rural villages and, by and large, these work pretty well. They provide a really solid basis in terms of values and structures, which can be exported to the wider sphere by the people themselves, and that is the kind of help and sustaining that is required if we are to take note of this region beyond the easy catchphrase of the 'arc of instability' and to make effective and positive contributions.

CHAIR—There are a couple of people signalling—if we can divide it—both on that side of the meeting and on this side of the meeting, so perhaps it might be worth while if the members of this committee mention their interests or articulate their questions now so that when you are responding you can have them all in front of you.

Senator SANDY MACDONALD—My question is quite general. Throughout the submissions there is a general theme—which the panel probably would agree with—that our engagement with Oceania has been quite modest over the years. Are there real reasons for that to change—in other words, is it likely to occur? The second thing is that the provision of development aid or assistance or engagement with the region has been going probably for at least 100 years. What do you think the real lessons for Australia are in that history of engagement?

Dr Douglas—One of the lessons is, particularly, that the major focus for that aid has been and is still through the churches, and it is a channel or a conduit to which people in the region are particularly responsive. It has perhaps been one of the negative aspects of Papua New Guinea—of all these countries, really—that with decolonisation national governments took responsibility for things like education and health services and there was an effort to push the churches out.

Senator SANDY MACDONALD—It is not only there. The reason why countries like Zimbabwe have been able to hang on as long as they have is because of the enormous influence of the Christian church there.

Dr Douglas—Yes. This certainly has to be foregrounded. This may be a problem for our secular society, both in understanding what it means and in formulating pragmatic strategies to further that, because we cannot be seen to be favouring churches. That is not to say that there is 'the church'. The churches themselves are fragmented. The mainline churches see a very strong threat from the proliferating smaller Pentecostal and charismatic groups, which are often opposed to the kinds of Melanesian or Pacific values that the mainline churches have mostly taken on board. It is not unproblematic but it certainly needs to be recognised historically that the most effective aid is the stuff that has got down to the villages and really means something

to people. This goes back to the first appearance of a missionary on a Melanesian shore in the late 1840s and in Polynesia as early as the late 18th century. This is the case. It needs to be recognised.

Senator SANDY MACDONALD—You make an interesting point. It makes me think it is a pity that the Dutch and Portuguese missionaries were not more successful in their part of the world.

Dr Douglas—Jaap can talk about this. I think they probably were quite successful.

Senator SANDY MACDONALD—Perhaps not as successful as the Muslim missionaries.

Dr Douglas—No.

CHAIR—Perhaps, Sandy, you have other points you want to make, and then I will ask John and Gavin to make some points, and then we will turn it over to discussion.

Senator SANDY MACDONALD—I think we all have lots of questions. One particular question I did have is to the panel: what sort of impact has the Pacific solution had on the region's relationship with Australia? Has it had any?

CHAIR—We will ask everyone to take that on board and we will ask them to comment in a moment. John.

Senator HOGG—The issue was raised about the arc of instability, and I think, Mr Hegarty, you referred to degrees of turbulence and conflict in the region. Are the causes of those conflicts changing? Are they simply power struggles between rival groups within a society, no matter where it might be throughout the region? Are the causes of the turbulence and the conflict based on lack of resources, lack of assistance and so on? And, of course, that then gets us to the issue of our aid and where our aid is directed. Is it targeted correctly or is it in many instances just dissipated and used maybe corruptly by those who have the power in these places? I am trying to identify the causes of the turbulence, the causes of the instability. Will that continue, and what are the solutions to the problem that might confront us? I just superimpose upon that the following. The very narrow view that many Australians have is that overseas aid is very much something that we waste and it would be best spent on the most needy in our own society rather than using it in other parts of the world. You might keep that in mind when you are broadly addressing some of the issues I am interested in. Thank you.

CHAIR—Gavin, do you have some matters you would like to mention?

Senator MARSHALL—In particular, I am interested in how we are viewed by the local people in the Pacific, rather than the formal government view of the relationship, which is probably one based on aid, and just generally those matters.

CHAIR—The second part of my opening remarks was about pathways to economic growth and what that might mean and the role Australia might play to encourage greater economic sustainability in the area. David, is it a sensible idea now to ask each of your colleagues to say a few words and perhaps pick up the themes that the inquiry has mentioned?

Mr Hegarty—I think that is a good way to proceed and there are already fingers and pens raised.

Mr Piper—Over my years in DFAT, I sensed the frustration in parliamentarians about Australia's role in the South Pacific. We were being very generous in terms of aid, we had defence cooperation, and it seemed to be going down into a bottomless pit. As Senator Macdonald and Senator Hogg said, there was a sense of: 'Why shouldn't we do it differently and why shouldn't we argue that the money can be better spent on higher education or health or rural development?' I do not disagree at all with my distinguished academic colleagues on the way they have described the region and the areas of instability. I agree entirely with Hank Nelson that it is very complex and it is not going to go away. But I do think it is unfortunate that over the years the region has got attention when a crisis is there and there seems to be a security threat.

This is a historic Australian reflex from the days of the early colonies—that we needed the Pacific as a kind of defence perimeter—but it has meant that both the public attention of governments and the attention of the media focuses on the region when there is a crisis: George Speight's coup or unrest in Vanuatu or the Solomons crisis. Therefore, the relationship is simply seen as one, as spelt out in white papers and defence papers by both sides of politics, where we need a stable, peaceful and prosperous region; ergo, 'We've got to pay.' I think the reasons why we need to take the region seriously are much more complex and, in a way, difficult to get across to the public or to a hard-nosed Treasurer or minister for finance who can see many alternative things.

I would urge you in your studies to accept from our discussions the complexity of the region. Indonesia and West Papua have very different problems from even PNG, the Solomons, Vanuatu and Fiji—and there are problems like in Tonga where you have no democratic process but a kingly system which may not last for very long. I think there are alternative ways of approaching the region that we have not yet experimented with very largely and they are based on not necessarily more resources but a much more subtle engagement which shows a greater understanding of the way these different communities are developing and what forms of aid may be most effective.

Aid through the churches—and I am not a committed church person—is an excellent way and in some areas could be very effective. Generally speaking—and I say this disinterestedly because I am a retired man—we need to put a lot more resources into the base we have of expertise about the region, the different regional and different universities in Australia, where we can do really good work and help the region and have people coming in and out; have more extensive linkages with the University of Papua New Guinea and the University of the South Pacific. There is a neglected area there because there is not an immediate pay-off in increased economic efficiency. There needs to be a wider view, a more visionary view, of how we engage with the region. I guess a number of possibilities will come up in the discussions.

My basic point is that it is unfortunate that in a hard-nosed way we look at how much of a security threat there is and how much economic benefit we can get. The answer to the first point is probably that the security threat is very specific on occasions. It is not, happily, as Hank Nelson pointed out, very much manipulated by outsiders, although that has always been our fear. With the economic benefit, excepting PNG and markets for manufactured goods—which are important but are not predominant when you look at the East Asian, North American or

European markets—it is that long-term view which I think has been lacking. Governments change and people change and DFAT bureaucrats change so that you do not get this 10- or 20-year focus—that this is our region, this is the only region we genuinely belong to. To have not found a way to direct this relationship more productively using the human linkages that we have, which are considerable, seems to me a bit of a tragedy. That is why I am hoping this committee in its own way will help to give a better balance and maybe a push to a more imaginative but not necessarily more expensive or extravagant degree of commitment.

CHAIR—Australia knows this region, not just because of the instability but also from a tourist point of view.

Mr Piper—Yes.

CHAIR—It knows it quite well at that level. This is a terrible thought, but I wonder whether, as Bali is no longer a tourist destination of choice for Australia offshore, other destinations in this region benefit commensurately as viable alternatives. Somebody might want to comment on that. David, how would you like to call the play from here?

Mr Hegarty—Following your suggestion, Chair, I think members of the panel could make a short statement, picking up on the points that you and your colleagues have raised. Jaap Timmer wanted to say a few words.

Dr Timmer—With respect to West Papua, perhaps a good alternative to tourism in Bali would be to promote tourism to West Papua, which would force Australia to understand what is going on in West Papua—something that has been lacking in Australian policy towards Indonesia in general recently. With respect to the arc of instability, of which West Papua is obviously a part—looking at the organisation of terrorist movements, the mobilisation of forces, the presence of Laskar Jihad, the long history of the OPM resistance in West Papua—it is crucial to understand the root causes of these movements and the situation that West Papua is in in the arc of instability.

There are a few dangerous assumptions that underpin the foreign policy of Australia and other Western governments, and I would like to highlight four of these assumptions. The first one is that these forms of terrorism, like Laskar Jihad and OPM in West Papua and all other forms of so-called terrorism in Indonesia, should be defeated with a set of measures that largely ignore the policies and socioeconomic conditions that fuel them.

CHAIR—Sorry, could you repeat that? I did not quite catch it.

Dr Timmer—The idea is that terrorism should be defeated in a way which ignores the root causes of the terrorism. That is what I wanted to say. The second assumption is that the conflict in West Papua is associated with separatism, on the basis of a poor understanding of the local situation and belief in forms of Indonesian propaganda. Some of the forms of Indonesian propaganda are that the OPM are terrorists, that the RMS movement in the Moluccas is a sectionist movement, that the attempts that Christians make to resist the state represent a kind of Christian-Judaistic American driven separatist movement et cetera. These are all arguments that lead foreign governments—which the Indonesian government would like to see—towards the repercussions of a long war on terrorism and separatism.

The third assumption, which is also very dangerous, is that political instability in a moderate Muslim country with a significant Muslim population, such as Indonesia, leads to dangerous fundamentalism and adds to the threat of terrorism. The fourth dangerous assumption is that action against local terrorism by the Indonesian military with the aid of the United States and with support from countries such as Australia will not backfire or spiral out of control.

The potential or actual dangers of these assumptions are, firstly, that the promised effectiveness and sincerity of the armed forces led command in eastern Indonesia may give Indonesian strategists, particularly the self-reliant wing of the army, the confidence to continue to pursue counterinsurgency and let the territorial commands remain criminal, greedy and arrogant. This is potentially very dangerous. Secondly, the Indonesian economy is seriously in recession and needs stability; hence it cannot allow separatist movements to hamper resource exploitation. Foreign rescue packages for the government, banks and industry run into billions of dollars.

Thirdly, instability and violent demonstrations against the war on terrorism have been seen in Indonesia, hence Indonesia is dangerous. The reason for these demonstrations goes much deeper; they relate to the specific history of Islam in the country and a subtle instigation of Islamic sentiment at the moment. Fourthly and finally, Australia has adopted the US antiterrorist discourse and strategy, and this will eventually lead to increased conflict in South-East Asia. That is all I want to say for the moment.

CHAIR—I am sure some of those things will be picked up by my colleagues.

Mr Curtin—We have touched on the question of Australian aid, so I will give a brief background to that in the context of the Papua New Guinean economy as it is at the moment. The budget for 2003 is about to be presented to parliament—usually, in November. The Somare government, when it came to office in August, found that the deficit for this year had blown out enormously in the first six months of the year as part of election spending by the previous Morauta government. Without corrective measures having been taken, the deficit would have been the largest ever in the country's history—something like seven to eight per cent of GDP. That seriously threatened to become even worse because of the Supreme Court judgment two weeks ago declaring the value added tax, similar to Australia's GST, to be illegal in terms of the constitution.

That problem, fortunately, has been solved, and the Supreme Court this week has agreed to put a stay on execution of its declaration, which gives the government time to amend the constitution appropriately to reinstate the tax. The government has committed itself to a redistribution of the proceeds of the tax in favour of the provinces, so that situation has been diffused and will enable the 2003 budget to proceed complete with the proceeds of the value added tax, which is a major part of government revenue.

But the underlying problem with the new government's approach to the budget, it seems to me, is that it is focused far more on spending cuts. These are traditionally favoured by the IMF, the World Bank and—dare I say it?—the Australian government. The Treasury officials in Port Moresby are always anxious not to offend those potential sources of funding. But it seems to me that Papua New Guinea could certainly address their deficit much more effectively by raising taxes. At 25 per cent of GDP, PNG's tax effort is quite good by Third World standards, but it is certainly a much smaller percentage of GDP than we Australians inflict on ourselves. If PNG

are coming to Australia for aid, perhaps they should also be digging deeper into their own pockets and paying more tax, especially when they constantly complain about the lack of government services, an issue which has been touched on here.

Services certainly are seriously deficient. Education remains backward. Health is desperate. If people are worried about the state of the hospital in Bali, heaven help us if there were a similar episode in Port Moresby. The Port Moresby General Hospital is in a fairly desperate situation. There should be far more effort put into raising taxes, and, of course—rather than cutting spending on services, as is proposed for the forthcoming budget—spending should be increased.

CHAIR—Mr Curtin, would the GST that has been disallowed by the High Court in PNG have lifted the level of taxation as a percentage of GDP for PNG, or is there a replacement tax that will come along and do that anyway?

Mr Curtin—They would have been in very serious strife if the GST had been disallowed for the forthcoming budgets. They would have had to plug something like a \$A350 million gap, with not many options for replacing that without offending against World Trade Organisation rules on tariffs. The only alternative would have been a very large increase in external tariffs. It certainly would have needed to be at least doubled to compensate for the loss of the VAT—GST—revenue.

CHAIR—That would be an inflationary move as well.

Mr Curtin—One advantage of a tariff, though, is that it would tend to wean Papua New Guineans away from their fondness for imported goods of various descriptions, heavily dominated by consumption goods, back to reliance on their own food production—wean them off rice and tinned fish, and bring them back to their own pork and sweet potatoes.

The government have already, contrary to their initial hopes, had to turn to the IMF and the World Bank. There are World Bank and IMF teams in Papua New Guinea at the moment. They, therefore, will have to bite the bullet of reinstating privatisation. The Somare government have campaigned on the platform of backing off on privatisation. One of their first moves was to put on hold the privatisation of Telecom. I am sure the IMF and World Bank will insist on that being reinstated. I am sure Australia will support that, and I think they are right to support it. One of the achievements of the Morauta government was the privatisation of one of the banks. It would be a disaster if that was renationalised and if Telecom and the others were not privatised in their turn.

Whilst I support the World Bank and IMF views in that area, I do come back to this idea that spending cuts are always what is required. That may have once been the case in Australia, but we see that government expenditure has recovered here. Certainly, Papua New Guinea, with a desperate lack of services everywhere, is in no position to cut government spending.

More than that, I would like to put on record, in the context of the discussion we have had on potential terrorism and the Southern Highlands problem that was mentioned, that the Commonwealth Eminent Persons Group proposed essentially a 50 per cent reduction in the PNG Defence Force from 4,000 soldiers, operatives, down to 2,000 or so. In my view, that has reduced the defence force to below any kind of critical mass for performing any useful function anywhere. Certainly in the context of the Southern Highlands—where there is no presence

whatsoever of the defence force at the moment, because historically, in colonial times, there never was—the defence force essentially is as it was in 1975 in the distribution of barracks and units; it is absent from the Southern Highlands.

I know that the mining companies are seriously concerned about the situation there. They offered to fund a police special force to go into the Southern Highlands. They offered helicopter transport, logistics, rations, everything short of bullets for the guns, and the police refused to move. They were scared. They had reason to be scared. They said, 'We will only go if the defence force goes.' But the Australian government has taken the initiative in emasculating the defence force. It is not capable of going anywhere, because with only 2,000 it is minimal and below the level of effectiveness, in my opinion. That is a serious worry.

On the wider issue of terrorism, we saw just before Bali the attack on the French tanker. It would be naive to think that al-Qaeda and their supporters are not aware of the economic aspect of what they do. They do go for economic targets. Papua New Guinea is an oil producer. It is potentially a major gas supplier to Queensland. All of that is in an area not far from Irian Jaya. There is potential for disruption of quite important raw materials. We saw the attack only last month on Freeport, a major copper supplier. Ok Tedi, another major copper supplier, is only a few kilometres inside the border in Papua New Guinea. I do not want to scaremonger, but I think we should not put our heads in the sand. Papua New Guinea is not an insignificant supplier of strategic raw materials.

To wrap up on expenditure cuts, I am against them. Improved governance needs more, not less, spending. It needs more efficient spending, that is for sure. Cuts across the board, as were imposed last year, led to civil servants on the streets because there was no power in their buildings because the Treasury had not delivered the money to pay for their power bills, pay their rentals and so on. Government cannot function without these kinds of basic goods and services.

Underlying the general state of the economy in Papua New Guinea, Australian aid, to some extent, is bandaid. Australian aid, quite rightly, has not been strongly festooned with conditions, except when it has provided financial budget and program support under the IMF-World Bank umbrella; then there has been a whole raft of conditions. Since 1995, the World Bank has shied away from including land reform as a basic condition. To my mind, there is no country in the world where you have had development without some form of land tenure approximating what we have in Australia. It need not be freehold—Canberra, ACT, exists quite well with leasehold—but Papua New Guinea will never get anywhere without reforming its land tenure system. Its land tenure system may be a thing of joy to anthropologists but it is inefficient and incapable of underpinning bank lending for agriculture, housing or anything else. The more fundamental reform that has yet to be confronted by Papua New Guinea's friends goes to showing them how to go about land reform and providing the resources to help them do it in a way which is not threatening and does not steal any Papua New Guinean's land but simply enables them to make the most of their most important resource.

Mr Hegarty—We have neglected this side of the table. Could I ask Professor O'Collins now to make some comments.

Prof. O'Collins—I would like to make one comment about the arc of instability. It suggests, when you hear people talking about it, that there are very firm linkages, like a negative type of

rainbow, when really we should be thinking of the networks that occur. Despite the fragmented nature of the countries in the South Pacific, they are often linked. The example I would think of would be the linkages between Bougainville and the Solomon Islands. It does seem to me that we have to be a little more selective and not simplistic in our approach to either rejecting outright the idea of an arc of instability or swallowing it. We need to think in terms of where countries link up and what are the common denominators.

That brings me to what I am interested in, and it does connect with what has been said before, and that is the whole process of Australia's relationship with the Pacific—the process of aid, the relationships we establish and how this makes aid more, or less, effective. Taking the example from our last speaker about land reform and the whole idea of how it is seen by those countries where we are working, some people would respond that if we had individual title, for example, there would be a greater increase in squatter settlements, people would not have a place—even if it is a mythical home—that is their own to go back to. A lot of these sorts of discussions come up when you are talking with people from a particular country. Picking up on Hank Nelson's point, do we wait until it collapses, or do we go in and try to see what people themselves feel is the way they might be able to get out of the particular mess they are in?

I want to make four points with regard to process that I think are important. I have made them in the submission, but would like put them in slightly different terms. One is the retention and development of some sort of corporate memory in AusAID and in the foreign affairs department. It is distressing. I have noticed over the last 10 years—while not living in Papua New Guinea, but as a consultant in Papua New Guinea; to do with the Solomon Islands, although not resident there; and in Vanuatu—that often when we give aid to churches, when we give aid to civil societies, when we outsource things, our own Australian corporate memory suffers. We do not have the body of knowledge readily available to people in particular departments, and Hank has mentioned this many times. Sure, they might get a briefing or a workshop, but I am talking about having people around who really have been there, who know what is going on and can say, 'Hey, wait a minute.' It does seem to me that we need to develop that corporate body of knowledge, of skills, of relationships about how to deal with different countries not just strictly on a cultural line but from all points of view.

The other thing is our approach to sustainability and the fact that it is going to take a long time. Rather than seeing something in terms of two, three or four years, it may take 10 years. Given the political dimensions of aid, it is a problem when we are thinking in terms of the life of two or three parliaments. That is something that we have to take seriously. We need to link together flexibility and sensitivity. I recall some years ago taking a group of students to the mine in Bougainville. I was talking with the Australian officials—the white post-colonial leaders—and they were telling me how marvellous the workers were and how well everyone was getting on and how we had this wonderful work relationship, and at night the students were telling me of the hostility, of the conflict, of the potential for disaster.

I am saying that somehow we have to find a way of spending the time, of being with people to really get a good view of the situation. The question was asked about how people in the South Pacific view us. They look at us as perhaps bringing money. So, even if they know that a project may not succeed, if they bring up objections, it may be cancelled. In order to get what they can out of it, some people will find it difficult to admit their inadequacies, their problems and what will not work. I will leave it to others, but they are the things I am most passionately

interested in—how our process perhaps fails. We have the money, we have the goodwill but somehow we do not get there and get the results. I will leave it there.

Senator HOGG—Can I put it this way: we have become involved in five-star diplomacy, rather than two-star diplomacy.

Prof. O'Collins—Or no-star diplomacy.

Senator HOGG—It was described to me in another inquiry at one time that people spend their time in the Hyatts—and I am not knocking these places—rather than in the lowlier motels where the ordinary people might be conversing with each other.

Prof. O'Collins—And, if you are sleeping in a village, people will come and talk to you, but how many high-powered officials do that? It is expensive, it is time consuming and they would not be there.

Senator HOGG—Is that what you are getting at, though—that it is the way in which we conduct our business, as much as anything else, that is the problem?

Prof. O'Collins—Yes, but I think sometimes you see people doing wonderful work, and that is why one immediately starts qualifying. You see people doing wonderful work, people who are sensitive and can pick up the wariness and silence in someone and give them time, and then you go to other meetings where you hear, 'It's time for us to finish, no further questions,' and out they go, and you know there are many further questions. I would not want to say that the problem is all five star.

Ms George—I wanted to respond to some of the questions raised by Senator Sandy Macdonald, but I might just start by talking about my submission, because I think it does cross over into some of the issues that we have all been discussing. What I submitted to the committee relates to my research in Fiji. It looks at the work that women's NGOs are doing in relation to the issue of violence against women. I am interested in the relationship that civil society has with the state but also particularly with donors and what that means for the domestic constituency.

Bronwen and Maev both talked about the secularisation of aid that we have seen. We were asked about the history and provision of aid over 100 years—what the developments have been and how it has changed. My research relates to the last 30 years in Fiji. We are seeing now a situation where perhaps the broad thrust of aid is shaped not really by the needs of the region but by fashions in the international donor communities. Agendas are being set by the World Bank, and that filters down to all the regional donor organisations and we get a situation where we have buzz words that are very fashionable in donor literature and that shape programs. Promotion of human rights is one. Good governance is an important focus at the moment. I am not saying these issues are unimportant; of course, they are important.

The most significant thing now is poverty reduction. Everybody is talking about poverty reduction. It is replete through all of the aid literature. But it strikes me that not a lot of research is done into understanding what poverty is. I was at a meeting a couple of weeks ago and an AusAID official there stood up and talked a lot about poverty reduction, and then said, 'We don't really understand what poverty is in the region,' and he was talking about the Pacific

island states. I was quite struck by the fact that there is a problem with the logic there. If you do not know what the problem is, you cannot eradicate it, you cannot reduce it. There needs to be a lot more research into the implications of poverty for grassroots people. The programs that are developed have to first realise what the causes of poverty are.

Taking that idea back to my submission, I was trying to illustrate the ways that programs are shaped by NGOs. They develop their programs to fit within the broader fashions of what they think will bring money to them from the international community. In relation to domestic violence, in Fiji there is a lot of focus on framing legalistic solutions—law reform or educating the judiciary or educating the police; all within a legal framework. My concern is that at the grassroots level a lot of people cannot even access the law. They do not have the economic fall back position to allow them to access the law. That, hopefully, brings a few strands together.

In relation to Senator Sandy Macdonald's question about the Pacific solution, I want to throw in something. I do not know how people will relate to this. I think there was an interesting sort of flip in the logic there—this idea of the arc of instability. All of a sudden we saw a flip in the logic and we saw the Pacific Islands as a defensive shield and not as an arc of instability. I think that made Pacific Islander people feel a little bit suspicious about how we frame the region when it suits us. When it is opportunistic for us, we say, 'This is a regional problem and we're all in this together. You've got to help us out because this has regional implications,' but then at other times we turn around and say, 'This is an arc of instability and you've all got to sort out your own problems.' I think that is the flip side to the arc of instability logic.

Prof. McCall—I seem to be the odd person out here—that is probably why I was late. Sydney is a bit further than the campus just down the road.

CHAIR—Don't worry, Grant. There are a lot of very odd people in this building!

Prof. McCall—Almost certainly.

Senator SANDY MACDONALD—You're in good company.

Prof. McCall—I met most of them getting here, as a matter of fact. But never mind that.

Senator SANDY MACDONALD—They were leaving, were they?

Prof. McCall—In the interests of full disclosure, which is very important in this context, I should mention that my PhD is from the ANU in 1977, so you have not even escaped the Sydney influence of ANU. Let me begin with some conclusions. I am going to derive the conclusions from my submission, which you have, so I am not going to go through it again. I would like to specifically pick up on the questions that the four of you have asked, and I think that is fair enough. It will not take long, I promise.

These are the conclusions. Firstly, and you will see why I say this, I think that if Australia wants to have a more effective role in the region, it should do it through regional organisations. It is the building of a Pacific community, and there is already a company out there with a name like that—Pacific Community. We would be far more effective in doing things of that nature than in doing some of the things that we have in the past. Bronwen made a very important point regarding the churches—and I will go back to that—and church based NGOs. They do have a

wide influence in the Pacific and have had for a very long time. Support in those areas, for reasons that I will mention, in terms of ODA, official development assistance, will be a bit clearer.

We were asked how we were viewed in the region. I did not exactly say this in my submission, but anybody who has done a bit of travelling in the area and lived in a few villages will know that New Zealanders and Australians are often contrasted and confused. It is hard to imagine, but it does happen. New Zealanders, or Kiwis, are seen as pastors and teachers, and Australians are seen as scallywags and businessmen.

Senator SANDY MACDONALD—But the reverse is true!

Prof. McCall—I agree. I have been trying to tell people about this for a long time.

CHAIR—At least to the rest of the world.

Prof. McCall—A lot of people have made ironic comments about blackbirding and businesspeople in the 19th century. That fits in with what I am going to take up in a moment, as well. You asked about aid, Senator Hogg. The first person who really clarified this for me—and I still use his article for my students—was Neil Blewitt when he was the appropriate minister. In around 1992 he pointed out that well over 90 per cent of all Australian aid stays in Australia; it does not go overseas. So if you say, ‘Why shouldn’t we support our local population? Why do we send all this money overseas?’ the fact is that we do not; we do support our local industry. The Premier of New South Wales has a small but significant office urging consultants and manufacturers to get in on the ‘multibillion dollar aid industry’, as he called it in a public speech a few years ago. Aid does not actually go overseas. Church aid does, but ODA on the whole from Australia does not. I have not looked at the AusAID web site recently, but the last time I did I saw a section on doing business with AusAID that said: ‘Whoop de do! Come and get on the bandwagon.’ If people from the region see that, they might be a bit sceptical about our motives.

CHAIR—Grant, I understand the point you are making, but are we any different from anyone else in that?

Prof. McCall—No, we are not.

Dr Douglas—I think we are seen as different, though. New Zealanders are seen as being more responsive, closer to the ground, less arrogant, less driven by multinational or national economic objectives and the like.

Prof. McCall—Yes.

CHAIR—I do not want to be defensive about it; I was just thinking that, compared to the way Japanese aid is spent, we are amateurs.

Prof. McCall—Yes, without a doubt. They bring in the rice; they do not even buy it locally.

Senator HOGG—I would like to make a point on the issue of aid. I understand the point that you are making, but if one listens to talkback radio—and that is where, I think, a lot of the damage is done in the Australian community—one hears a lot of ‘experts’ sitting in their lounge rooms or sitting in their kitchens making telephone calls to these programs who do not hold that view, who do not share that view, who do not believe that in even the remotest way. How does one overcome that difficulty? We can sit here, face to face, and know that what you have just said is the reality of the situation, yet it is not the popular belief out there, it is not the myth that people want to cling to.

Prof. McCall—What I was picking up on was your view of why after 100 years of aid things have not changed more. People are well aware of this in the Pacific at the village level—at the ‘motel’ level, if you like. I remember being told a story of a place that will remain nameless, as will the person involved. The Australian High Commission—that will partly give it away—had given \$1,000 for some cinder blocks for a local school. Then the assistant high commissioner—or somebody long down the line, anyhow—flew out in a helicopter to open the school. It is as plain as a helicopter landing in the middle of a village. I was trying to address why people in the Pacific may be somewhat sceptical about our aid efforts, and anybody who has been in a village context will hear these stories—they are legion; we could fill up the whole afternoon with them. Some people probably do; they call them academic papers.

I was also trying to give you a solution, because you asked for solutions. I think a Pacific community, whether it is that organisation or some other conception of that, is a solution which is driven locally, because there is a local interest in it. It is in our interest because it is the kind of organisation that we understand. It has a lot to recommend it. I could go into that more, but there are probably people here who know more about that kind of thing than I do.

You did ask about the causes; the causes are stark. You have 20 per cent of the world’s cultures in the Pacific and one per cent of the people of the whole planet: 20 per cent of the world’s languages and cultures exist in the Pacific Islands, including New Guinea island. It is that diversity. There might be a few dozen people speaking one of these languages, living in one of these cultures, so it is small numbers with a large amount of diversity. In case the small numbers seem specific to the Pacific, of course it is the same problem that we in Australia have, which is one of the points I tried to make here. The causes are to do with this diversity and fragmentation. The word ‘fragmentation’ seems to suggest that it is more recent. It is not; it is thousands of years old, and people do see themselves very differently. For that reason, they find it very hard to produce a nation state, as much as we would like them to do so.

Senator Macdonald asked about how the Pacific solution is seen. I happened to be in French Polynesia on Easter Island and in Samoa and for a little bit of time in Tonga while that was taking place. Frankly, it was seen as the scallywags and the business people: Australia exploiting the Pacific. A lot of the businesses in the Pacific, until very recently, come from Australian firms. Our firms make a lot of money—not as much as if you deal with the big neighbours to the north but still a fair bit of money—and so we are seen in that respect.

You did mention religions. We have to be a bit cagey about that. The missionaries did an excellent job in the Pacific. People there are profoundly Christian. I would say—and this is not my idea; it comes from others who have done more research than I have on the topic—that they are profoundly religious, which is not the same thing. For example, when I was in Kiribati, the former Gilbert Islands, a few years ago, I was going along the road and I came across a mosque

in the middle of Kiribati, on the way in from the airport. I said, 'Stop the car, driver.' I jumped out and went in. There was a Gilbertese man in charge and I said, 'Are you Muslim?' He said, 'I was a sailor and did a lot of sailing in the Middle East and I'm interested.' I said, 'Do you have many people coming along?' He said, 'Oh, yeah.' But he is not an Arab as he is not reading Arabic; he is interested in religion. I think that is what Pacific Islanders have always been and continue to be.

So that is what happens when a new religion comes along, or even a better pastor—I think there is a minister who is still there called Tutae. He was a minister in the Cook Islands Christian Church. People follow him as a charismatic religious leader. The Four Square have been out there, the SDAs have been out there, all kinds of denominations have been out there and said, 'He's our man.' He is not, but he is terribly popular. When he gives a talk, he sets up shop outside the church and starts preaching and out come all the people. Pastors hate him. But people are profoundly religious and the delivery of aid through religious based NGOs is a very effective way to go and it is right there on the ground. People can sit around for four or five hours, talk about verses in the Bible, talk about the future of their village, and that is what people do. And our aid people, for some reason, do not do that. I am not pushing the religion line but I am recognising what is out there, and I think that is what you are asking about.

Moving on to Senator Cook, we have already dealt with the arc of instability. You asked about alternative tourism. One of the ways that tourism in the Pacific Islands has been sold for many years is on the basis of its tranquillity. Of course, we are the major tourists to Fiji and have been for some time. I think that will increase. It offers a similar sort of deal—package deals, hotels, that kind of thing—and there are increasing numbers of backpackers. It parallels Bali in a number of ways. Certainly there is more familiarity.

In conclusion, one of the things that I wanted to stress in my submission was the familiarity. Because of a common colonial history over the last 200 years, we have a lot more in common with the Pacific Islanders than we do with any other part of the world. You say that it is a secular society: I do not notice that the banks are open on a Sunday in Australia yet. The influence of what are called the blue laws in the Pacific Islands are still here in Australia. We are a Christian based society. Our legal system is Christian based, filtered a bit through the Romans but basically that is it, and that is the case in the Pacific. They like football; we like football—even the same kind mostly, although there are a few people who like soccer. You can more or less get along with them if you take the time.

I did say I had three conclusions. I have mentioned only two. The third one is obviously, without any self-interest at all, give bags of money to anthropologists at the University of New South Wales! Thank you very much.

Senator HOGG—I do not think there are too many Brisbane Lions supporters in Suva.

Prof. McCall—Not at the moment.

CHAIR—We were to break at 10.30 and we are just a little over that now, so it might be worth while using this opportunity to have a break. I appreciate that Ms McLeod and Mr Morgan have not had a chance to say anything yet and perhaps we can deal with that when we come back. During the break I will talk to my colleagues about what I would like to do, which is to try and bring this wider ranging discussion down to a few more specifics—we have been

talking fairly generally and I guess it is hard to avoid that—and face up to some of the more difficult questions and try and get your views on those in a more specific, hard-nosed way.

Proceedings suspended from 10.36 a.m. to 10.52 a.m.

CHAIR—We were going to ask Michael and Abby to say a few words.

Mr Morgan—Senator, I wish to respond to some of the queries that Senator Marshall raised regarding Australia's reception in the region. I am not going to speak to the point of how grassroots people view Australia but will reflect on some issues which came up during the last three weeks about Australia's perception in Vanuatu, especially at an elite level and especially considering charges made publicly by the Deputy Prime Minister and several secretaries that the Australian Federal Police had been involved in the phone tapping and the abrogation of Vanuatu sovereignty. These comments need to be taken in the light of the very serious and entrenched presence of dozens of Australian consultants in line with the comprehensive reform program currently being undertaken in Vanuatu, funded by ADB, and supported wholeheartedly by the New Zealand and Australian governments on bilateral terms.

I will keep my comments brief, but I think I need to raise the point that based on the very visible presence of AusAID in Vanuatu there is great concern that Vanuatu's sovereignty is being challenged and that the government no longer calls the shots. I think we need to take Deputy Prime Minister Serge Vohor's comments in light of that in terms of his own attempts to establish a position of independence. Quite frankly, Vanuatu cannot afford not to have the comprehensive reform program in place. There simply is not enough money. Pacific island countries, I believe, have the rather unpleasant task of attempting to claim that they are autonomous and independent while not having the money to carry through on their own terms. I will leave my comments there for now.

CHAIR—Thank you.

Ms McLeod—I would like to take up two points. I would like to address, firstly, the aid issue—particularly perceptions of aid and whether aid is appropriately targeted—and, secondly, Senator Hogg's questions about the nature of conflict.

Firstly, in terms of aid, my own experience has come from living in a rural village in the highlands of Papua New Guinea, in Chimbu. I would like to take up Maev's point that, whilst there is some great work being done, greater attention needs to be paid to process. The main thing here is that the rhetoric about participatory development really needs to be put into practice. I do not think that English language HIV pamphlets in the highlands is appropriate aid targeting, nor is just building aid posts et cetera when they are going to be unmanned, they are not going to have medicine or they will be burnt down in the next tribal warfare. It is really important that we do genuinely engage local people in describing their own aid needs et cetera, and that will make aid a lot more meaningful for them.

That gets back to Grant's point about aid coming back to Australia. A highlands friend of mine recently said that aid is like a boomerang—you send it to Papua New Guinea and it comes back to Australia. I do not think that is a wholehearted condemnation of Australian aid, but I think it is about that issue of process, of them saying: 'We are not involved. It is not meaningful to us.'

Secondly, in terms of conflict, yes, certainly the nature of conflict is changing. The prevalence of guns is not only restricted to the resource rich provinces like Enga, the Southern Highlands. We would be foolish to assume that people who are poor or do not have access to financial wealth cannot get guns, because most of the guns in the highlands were actually purchased with marijuana. Similarly in Chimbu, where there is very little cash at all, people are very heavily armed and the police will not go out to address social problems because they are outnumbered. The police are the main providers of bullets. I think the gun issue needs addressing urgently.

I would like to reiterate Bronwen's point, that 80 per cent to 90 per cent of people are living in rural areas and they are living quite well, they are comfortable. In terms of their own lives I think they deal with things well. Ninety-eight per cent of disputes I witnessed in an almost two-year period were of a traditional nature. It was about women or it was about pigs et cetera. Having said that, I think the new dimension that is coming into that arena is guns. HIV is also becoming a gigantic problem and that is exacerbated by rape in the area. They are my comments on those issues.

CHAIR—Thank you very much. Thank you all. There are a couple of questions out of the broad ranging discussion so far that I would like to focus on. I am sure my colleagues will have some of their own questions as well.

I want to make a few points about the aid issue. I am one of those people who think Australia does have a considerable obligation to provide aid where it is needed. In terms of the priorities, being within our own region is the higher priority, with the aid doing things that are of benefit to people. I take on board the point that long, strong signals about what the reliable aid input will be are necessary in recipient countries, otherwise people cannot plan. I also accept the criticism that successive governments have tended to regard the aid budget as something dependent on overall budgetary management rather than as a constant factor, so there are competing tensions about how we decide the level of our aid and what signals we can give to people so they can plan at the recipient level.

I am not sure how I feel about the issue of directing aid through religious organisations, only on the basis that we regard as quite fundamental the separation of the powers, separation of the church from the state and the judiciary and so forth. People are free to make choices about religion and free to make choices about economic advancement, without the two having to be confused. However, it just seems to me that in terms of civil society it works. The pragmatic argument may well be the one that overwhelms all the other considerations at this level of development, in Pacific Islands in particular, in the absence of any other civil authority or community authority that might handle aid distribution in a fair and equitable manner so that it actually achieves outcomes. They are just a few reflections on the aid issue.

Fundamentally, from an aid point of view, the question for me is not that we need to provide aid, but how do we achieve economic sustainability for these economies so that aid is not necessary for the future? The worry I have at the back of my mind is that we see in this area of the world a lot of microeconomies which, in their own right, may not be, by modern standards, sustainable.

I have this concern, for example, about East Timor. If they did not have access to offshore oil, their economy—I did a bit of a study of this—would be in my view economically

unsustainable, unless they became a cheap offshore manufacturing haven for, say, Singapore industry or some such thing. Maybe, in any case, diversity would suggest that that is what they ought to do. When you look at the Caribbean Islands, they are beginning to get together as a more effective economic unit, although there are considerable tensions. The big distinguishing difference between the Caribbean and this part of the world is distance. You could not say the Caribbean lacked for diversity, but there is indeed an even greater diversity, I would suspect, among the communities here.

Are we looking frankly and honestly at what is an economically unsustainable issue for which classic economic answers do not necessarily provide much help? We just have to grind away, recognising there is a burden that we are obliged to shoulder. For that reason I must say I do have some sympathy for the policies of the World Bank and for the classic Bretton Wood institutions, although I do not accept the argument as reasonable in the same way that Hank put it about countries being left to their own devices until such time as they can gather a critical mass of economic reform measures and then you back their initiative. I think there has to be a bit of give and take on that. If that were the model we were looking at, I do not think it is a reasonable or humane model at all. I do think there needs to be local initiative because we cannot provide it as the grandfather or the patron, but we do need to encourage it and we do need to back it. In one of the submissions—I have forgotten which one now—there is a suggestion that we should extend CER between Australia and New Zealand to the whole of the Pacific Islands and just pick up the problem that way.

I would like some comments about those wider economic development issues. My view is that if you have a basis for some sustainable economic growth, you have a basis for tackling other problems, like poverty, and you have a basis for developing a government structure that can create a greater sense of democracy in the future, and so forth, but if you do not have it, you have a continuing run of these problems. You have no way of overcoming the graft and corruption, the resort to crime and the HIV-AIDS menace that you have referred to, Ms McLeod.

We have to be pretty focused on what we are really faced with here, in terms of getting these economies sustainable, and we must be fairly tough-minded about that. It may well be that Papua New Guinea is an exception, given its size, although I would be interested, Mr Curtin, to hear from you at some point about whether the pressure to privatise—which now looks like being imposed on the new Somare regime in Papua New Guinea and which requires them to do a political backflip against the mandate that got them elected—would contribute to political instability, which at the end of the day negates the advantage of the economic changes if the country is less politically stable, and how you manage those sorts of interactions.

I am sorry if that is too wordy and perhaps too indistinct a view, but they are the sorts of things that are in my mind that I would like some further input on. Before we go to the table, perhaps I should ask my colleagues to explain their views and what is on their mind. We can then go around the table again and wrap up this session with some further detailed comment from you. Senator Hogg, would you like to comment?

Senator HOGG—Chair, I pick up the important point that has been made on the issue of process, and I flagged during the morning tea break that I was going to raise the issue that has been canvassed this morning about the longevity of aid. Should we be looking at three different tiers? I do not know if we do this now as an Australian government—that is, there should be

maybe a first tier of aid which looks at the long term, 20 years or 25 years, which gives a degree of certainty in terms of certain projects which will assist these governments in achieving some long-term sustainability. The second tier may well be a mid-term of aid which might run, say, for anything from five to 10 years, and then there might be a third tier, the real gap aid which fills the cracks that appear from time to time. As I say, I do not know—I am not familiar enough with it—if that is how our process is structured, but if it is not structured that way, should it be structured that way and not necessarily in the exact terms that I just outlined? I would be interested in your views.

Mr Hegarty—A few weeks ago a colleague and I called on the World Bank team that is located now in Sydney. I began my little spiel, explaining that the project that we are working on at the ANU does not contain any economists, and I was immediately congratulated by the senior World Bank official for that. He said that, over the last 20 years of World Bank activity in the region, the economists had had no answers. Tim Curtin of course might want to disagree with that point of view.

CHAIR—I am quite sure the board of the World Bank would as well!

Mr Hegarty—I shall start with a couple of quick responses to the issues that you and Senator Hogg have raised about aid. The question of sustainability in the region really requires a degree of flexibility in our interpretation of sustainability. The European Commissioner for Aid visited Australia and the Pacific region in the last week or so, and he came and asked us pretty much a similar question: where is the possibility for accelerated growth in these small-scale microeconomies of the region? We said that, as far as we are aware, there are no real answers to that. What we look for is minute incremental increases in productivity and growth in these economies, because all of the constraints that we are familiar with—travel, distance, isolation, small size, lack of markets and so on—apply.

But there are some success stories in the region, and I think some of the small states do offer possible examples for replication elsewhere. The Samoan case is instructive—or illustrative, at least. Their economy has been growing quite substantially for the last 10 years. It has been a combination of remittances home by outward-migrating Samoans who have assisted that process; it has been assisted by Samoans returning to Samoa, having worked in New Zealand and Australia and the United States west coast, as they retire or get close to retirement age and taking their little booty with them.

Importantly, the economy has grown because of some initiatives in the domestic fishing industry, which does not seem to get a great deal of play around the region. But the Samoan domestic fishing industry, which is on a commercial scale not for the local market, has taken off dramatically in the last five years. We have seen the village fishermen extend the size of their boats, go out beyond the reef more, establish small-scale chilling works onshore, catch tuna on long lines out the back of motorised canoes—believe it or not—and bring their catch in and, in the chilling containers, ship it across to American Samoa, where there have been two canneries for the last 30 or 40 years. That has taken off around the country as a sort of entrepreneurship around domestic fishing that has substantially boosted domestic incomes and government revenue as a result, and there has been a bit of an increase in tourism there, so there is a case in the region which shows some forward movement.

CHAIR—Has that been emulated anywhere else? Has that sparked an interest in emulating that?

Mr Hegarty—Others might be able to answer that. I am not aware that it has, other than a degree of interest being shown in places like the Solomon Islands, for example. The Solomon Islands have some of the richest waters for tuna in the world, alongside Papua New Guinea, but that has not taken off yet in the Solomons. There are still distant water-fishing nations reaping considerable benefits from those waters but not the domestic industry. It strikes me that there is something there. I do not know what the take-off point or the trigger for that form of development actually is, but it is certainly worth exploring for other states of the region. So there is that element. I think we also ought to be giving thought to how the region as a whole can maximise the benefits of the fishing industry, the returns from distant water-fishing nations, in terms of royalties and so on and certainly the returns to governments and countries from their logging exports. I think this has been probably the worst case of exploitation that we have witnessed anywhere in the world.

CHAIR—By overcutting, you mean?

Mr Hegarty—Yes, exploitation by other countries of the timber resources of PNG, the Solomon Islands and perhaps a little bit in Vanuatu.

CHAIR—This is the classic case we keep hearing about, where forests are being decimated beyond their level of regeneration.

Mr Hegarty—Yes.

CHAIR—In the classic logging argument, the forest is a harvestable resource. The point being made is that it is being depleted as a harvestable resource.

Mr Hegarty—Yes.

Prof. Nelson—And, by the use of dummy companies and transfer of pricing, virtually no return comes back to the country of origin. It is ironic that the most gross exploitation of resources is taking place in post-colonial independent countries—the sorts of exploitation that you would have associated with that sort of classic extreme colonial model.

CHAIR—The argument put to me about that is that some post-colonial powers in South-East Asia are the countries that are most responsible for exploiting the economic weakness of these island states, because there is a market. There is a worldwide shortage of cellulose, so there is a search for logging sites. They are filling a market need in that sense, but whatever domestic regulation of the forestry industry there may be—and often there isn't any—if there is some, it is unenforceable because of the corruption involved in these places. If all that is true, the question for us, in public policy terms, is what do we do about it. What is our role? That is probably a microcosm—one of the issues about wider industry development.

Mr Hegarty—Yes. It is a very difficult thing. The weakness of the state apparatus in countries that cannot regulate the export and exploitation of their industries is a problem, whether it be due to corruption or just the difficulty of enforcing state authority in remote parts. It is a real issue, and that then calls out for assistance in improving the governance of those

states. That is not easy either when you have a corrupted system as well, but there are international mechanisms, at least under contemplation, for assisting the Melanesian countries in controlling their logging—again, not yet very effective, but perhaps potentially so. One is in having certified logging and export arrangements or certified buying arrangements so that buying countries are prepared and have agreed to buy only those logs that have been certified.

The European commissioner who was here said that they were investigating satellite tracking of the export of timber from Third World countries and seeing where it went and then leaning on those governments in those countries that were buying. As you would know from your experience in trade, these sorts of things are not always that effective. China is one of the largest buyers of timber from this area, and to persuade China and the myriad of elements of the Chinese buyers to abide by that sort of regulation is not very easy.

CHAIR—It does raise a question, in this current Doha Round of the WTO, about whether there is something that we should consider about regulation of that sort of overexploitation of developing countries, from a trade perspective. That is one of the things that we might have to look at.

Mr Hegarty—Yes. To go back to the reforestation question, again that is an area in which we may well be able to provide assistance. If we cannot assist in controlling the gross exploitation and export of logs, then something might be done at the other end for reforestation for communities.

Senator HOGG—Could I pick up the point that is being made about the problem with the weak state apparatus in dealing with these issues. If it is the weak state apparatus that is the problem, should we focus all our aid on fixing that problem rather than scattering it around a number of small projects?

Prof. Nelson—Can I come in on that point? We often used to give aid about policy. I have an interest in education. Over about a 15-year period, nearly every year there was some advice on policy on education, but what we had was a department which had no capacity to implement policy. So those splendid policies were all there sitting on the shelf and were never used. Then there had been a shift towards actually doing things on the ground—getting things done—but often this has resulted in material things happening. Abby referred to an aid post being built or a four-wheel drive being delivered to enable some officials to move around. Some material change is introduced which is brought in at a grassroots level.

What is apparent is that many of these state institutions—departments—right across the board have almost no capacity to implement any policy out at the various provincial points. You can see what happened in the elections in Papua New Guinea. The Papua New Guinean state tried very hard to run an efficient election. There were parts of the Southern Highlands where they simply could not run an election, because the central state has no writ, so elections have not been held. It simply did not have the physical capacity to hold elections there. It did not have the capacity to organise rolls. It did not have the capacity to get ballot papers to the points where elections were to be held. There is about \$15 million still owing in payments to officials and all those sorts of things. The state was trying hard to run those elections. There are a whole range of inefficiencies.

What is apparent is that what any aid has to be directed to do is to get some sort of capacity to deliver any policy right down the system. I can see that this is a very difficult thing to do. We are not advising on policy; we are not providing material aid and saying, 'Here's a four-wheel drive that your officials can now use to get from point A to B.' What we are talking about is the capacity for a reasoned policy to actually be implemented and move efficiently down through a system. That is the real problem, and you will not get regulation of the forestry industry or of anything else until you get those sorts of capacities—unless you are getting regulation, as David suggested, from outside the state.

Senator HOGG—Can I ask how that links into the issue I raised about the different tiers of aid? It seems to me that, if one is to build capacity in a number of these places, that is certainly not a short-term project that can be done in six months, 12 months or two years. One is looking at a generation there, and governments, regardless of their political persuasion, need to invest in that generational sort of change, if I can use the term in that sense.

Prof. Nelson—Nor can it be done in isolation—that is, picking out the police and saying, 'We have problems with law and order and so we ought to invest in building up an efficient police force.' If the other institutions of government around them are not operating, then that is impossible, so it also cannot be done in isolation. I will go back to another point that you made, Senator Hogg, which was about goodwill. We all hear on talkback radio, 'Charity begins at home. Don't give money to these people; they'll waste it,' and all those sorts of things. On the other hand, when the tsunami happened near Aitape there was almost an excess of goodwill—an immediate response.

A few weeks ago when the Prime Minister spoke at the opening of the new monument at Isurava on the Kokoda Track, there was again almost an excess of goodwill. The fuzzy wuzzy angels paraded before the Swans football match; the crowd rose to their feet. So I think it is possible to persuade an Australian clientele—the Australian electorate—to be charitable for that immediate area for which we have a peculiar responsibility.

CHAIR—There are a number of people from the panel indicating that they want to speak, and perhaps we should let them do that. I have one additional footnote, and that is, coming back to this economic development theme, the question of how you get it. Is it in fact realistic to think that it is possible; if it is, how do you get it, what are the drivers and what should we be recommending in our report that might help? They are the things in my mind. I know this is in your submissions. When people on the panel are commenting, it would be useful for us to know what you think we should recommend to the parliament as positive steps to assist, but the additional thing is: are there cultural factors at play here that mean that the classic view that we might take of economic development and growth paths is not possible, and, if so, what are they and how should we take account of them? That is all from me.

Mr Piper—Can I come in there, Senator? I think the growth path is possible, but it is different. If you want an opinion on what the committee can do, I think, from listening to people talking—as I said earlier, the diversity comes out—that there is no one approach to all the island countries. In my very dogmatic view, most of the Melanesian countries are perfectly economically viable if their government structures and their development structures get going right. I would say, again dogmatically, up to Fiji, they all have long-term viability.

I honestly do not think the small islands do. I think they want to keep their independence, so in their case the approach—and I hope the committee will think about this and endorse it—is the notion of a gradual controlled immigration access to Australia for countries with less than 150,000 people. It cannot be done automatically but there is no doubt that, with the small markets, they are linked to the Australian and New Zealand social and educational system. There is a possibility not to strip them of all their professionals but to find opportunities for young people in these smaller islands, and there are opportunities for us to get nurses, schoolteachers and people who will be admirable members of our community, if we work out with New Zealand some form of controlled gradual access.

I know that is difficult. I can remember Bob Hawke hammering the Prime Minister of Tuvalu and saying, ‘We have a non-discriminatory immigration policy. We’ll make no exceptions,’ but we do make exceptions for New Zealanders, and they are in the region. In my opinion, this can be done by extending, as I said in my submission, some form of CER thinking. It cannot happen overnight that they are integrated in the way New Zealand has been, but there can be a gradual opening up of different structures in Australia that will permit this kind of access. But the important challenge, as others have said, is the larger countries, and again one can look at the French or the American territories and say, ‘French Polynesia is likely to be a perpetual dependency of France, and the French will go on paying for it. New Caledonia could be independent but it wants to stay with France because it is financially interesting.’

The ex-American colonies all have tremendous dependency on the US and they also have access to the US for labour, as the French do, of course. That is something that our group of non-French, non-US territories do not have, except in the case of Samoa, where there is limited access to New Zealand from constitutional agreement. But David’s point that Samoa has found a way of developing its fisheries is true. These countries will want to be as self-reliant as they can be, but at the end of the day it is the remittances, the aid and the fact that there are donors from not just Australia but also the EU, Japan and others that help these smaller island countries. That is their challenge.

In the case of the form of Australian aid, I only suggest that it needs to be looked at more in different time frames, as Senator Hogg suggested. We must continue government to government consultation and ministerial visits to determine the broad programs and where we are going to help, and we need to find as many opportunities as we can for nation building. I do not mean central nation building; in many cases it would be very decentralised. But we never got the framework for decentralisation anywhere in the Pacific because we tended to look at it from a Canberra point of view—‘What sorts of structures do we need for budgetary assistance?’ We got hooked on an Australian model which did not really fit.

With respect to what the World Bank and the IMF advocate, much of it makes very good economic sense and will no doubt be adapted, but there are the challenges of the environment, the way it is done. That is where Australia, along with New Zealand, could show a great deal of understanding about forms of aid and how to do it: whether we use foundations and how we get government to government frictions out of the picture and establish a more cooperative relationship. The private sector role certainly is very important and dominant in many of the island countries, but the private sector could be given more aid from the government budget, where it is used more effectively in small projects, which is where development is going to happen in many of these situations. The sustainability question which you rightly posed,

Senator Cook, does not have a simple answer. It has to be multiple and it has to be constantly adapting as opportunities come up.

Prof. McCall—We can suggest positive things that can be done. We can also list off the stories of disaster for ages and ages. To address Senator Hogg's concerns once again, as far as I am aware, in the aid program at the moment, the gap aid, which is the discretionary funds that high commissioners have, already exists. Certainly not five- to 10-year aid but some kind of mid-term aid is what most, if not all, of AusAID aid really is. People can say if they do not agree, but I think there would be a general agreement amongst anybody who has worked in the Pacific or who has represented Australia in the Pacific, and Pacific Islanders, that long-term planning in aid would be an excellent idea. I think AusAID would agree.

I have not read everything that AusAID has ever written, but in those submissions that have been made to the reviews of AusAID that take place from time to time, that is one of the things that they always request. If this committee did do that, then it would be a very positive thing. But let me say something that probably nobody is going to accept, at least not at the level of policy, but that is something that we are already doing, and that builds on what David Hegarty said.

I have argued for a long time that the major force in Samoan development has been the private sector, but not as defined by economists. This is not a cheap shot at economists. Some of my best friends are economists. That is actually true! It is because of the definition of that. Overwhelmingly, the experience of Samoans is that their actual economic benefits, the economic changes in Samoa, have been directed not through aid, not through economic development as normally defined, but through what I would call the private sector, which is remittances and migration.

How does that work? Bags of dough sent back all the time, brought back in suitcases at Christmas time. And there is the other level which we should not ignore, because this is really infrastructure and this is where this fishing project came from. I would be willing to bet—and I would love to find out from you later where this is taking place—that these people who started it probably worked in the fishing industry in the USA, possibly here in Australia, or in Alaska. In effect, it is an education project; it is educational development and the sophistication of Samoans. You go to a small village and you are likely to bump into somebody who has been living in Bankstown for the last 20 years.

That is education. It is not education that anybody has planned. It has been entirely delivered by the Samoans themselves. They go to the USA. All Samoans are related, and I am not going to say any different. They have cousins who live in American Samoa, and people we might call Samoans from another country have a right to go to the USA, so it turns out. As I said, it is something that we are already doing because we have a large and growing Pacific Islander population here in Australia—not because of any policy change, but because of what John pointed out, which is that they come in through New Zealand.

Bob Hawke knocked on the head, and for very good reasons—we understand that—the White Australia Policy, which is not something that we want to talk about. But perhaps we need a softly, softly approach to migration from the Pacific Islands, and we are looking at those things: remittances, cash money and experience, on-the-job training. But, as I said, nobody will agree with it at a policy level.

Dr Douglas—Can I come in on some of the things that Grant said are particularly appropriate to those Pacific communities—mostly the very small ones—which do rely on a remittance economy. That is perhaps less likely to be a viable possibility for Papua New Guinea and the larger Melanesian nations. It is certainly not the case with respect to West Papua. It does seem to me that what needs to be built on is what these nations have all got going for them, and that is, to a greater or lesser extent, very strong local bases.

By and large, poverty is a problem. Obviously there are regional differences here, but by and large poverty is a problem in urban settlements. Access to cash is seen as a problem by people in most rural communities, but their demands are actually very modest indeed. I noticed that there has been hardly any mention in this meeting specifically of gender issues or women, except with respect to violence, but women are very important in local communities in much of the region, particularly church women's groups. If you asked women what they want they would say things like—and there is nothing traditional about this—power, water and education, enough to pay the school fees and adequate access to health.

It is really important that Australian policy does not focus on the big picture to such an extent that it loses sight of the other things. It is hideously diverse, yes, but there are common patterns right throughout the region: the strength of local communities and the relative viability of subsistence agriculture and production generally.

Yes, if you can wean people off rice and tinned fish it would be of huge economic benefit as well as great for their health—as indeed Bougainvilleans will tell you. One of the things that comes out very strongly from Bougainville is a sense of pride at having rediscovered local self-sufficiency in the course of the blockade. The blockage in other respects was, of course, appalling, but not in terms of local health, access to local herbs and other techniques or, similarly, growing local products.

This is partly a question of education. It is not just that you have all these people who are wildly keen on getting a four-wheel drive, though that is the case. But people also are bombarded—as we are throughout the world—with consumerism, even in quite remote villages. A policy of education which encourages sustainable technology and asks people about it gets their ideas about the kinds of techniques that are likely to be possible.

With the question of reforestation, for instance—which is such an issue in Papua New Guinea and the Solomons and, to some extent, Vanuatu—there are two issues. One is that of helping people learn more about how they can resist the blandishments and the threats of Malaysian and Taiwanese timber companies and the like. The other is how communities can work to prevent single individuals from ceding the rights of an entire community. In that respect I would want to take issue with Tim Curtin on the question of individual tenure.

There is also the importance of education at a very local and specific level, which local people know about—for instance, what the best techniques of reforestation are; the supply of seed; and education in relatively simple techniques of reforestation. They are the kinds of education programs that are likely to be effective. To do that you need literacy. Adult education programs are extremely important throughout this region and are appreciated. That is particularly the case with women. What women want is not vernacular literacy, but literacy and lingua franca so that they can read the Bible, help the kids with the homework and maybe start a trade, a small store. Basic literacy and numeracy are enormously important.

Aid could be in producing guides to simple ways of breeding chooks, or planting sustainable trees and the like. They are the kinds of things that can be enormously useful. It does not just have to be on a little bitty piece. You do not have to go to every village and say, 'What do you want?' There are patterns. There are ways in which techniques or strategies developed in one context can be exported to others. I think it is really important not to lose sight of what is the great strength of that region—the local communities—and maybe offer strategies. If we can be prepared to think smaller it might be perhaps more effective than dealing with the corruption problems. Corruption is primarily an elite problem. It is not so much just an urban problem, but certainly a problem with the elite, who probably have more contempt for local people and villagers than donors do. I will leave it at that.

Ms McLeod—I have a brief comment on tiers of aid. I agree with Bronwen that it is imperative that we do not focus only on the large-scale issues like institutional capacity building et cetera. There is great need for attention at the local level. In the majority of Papua New Guineans' lives the state is certainly not the most central institution in their lives. It is certainly not the main service provider. This takes us back to the church again. I know that most of us are reluctant to enter into the issue of direct aid to the church and we want to keep the church and state separate, but the church is the primary institution of governance in most people's lives, particularly in rural areas.

A brief example is something that happened when I was in New Guinea in 2000. A man had HIV so they killed him and threw him in the river. I did a survey on people's knowledge of HIV. Two years later I went back and found that everyone now knew about HIV contraction and, no, they would no longer throw someone in the river. AusAID pours a huge amount of money into the national HIV prevention program. I asked all these people, 'How did you get this knowledge? Why do you now know how HIV is transmitted?' Of 92 people, 100 per cent of people responded, 'Through a church campaign.' None of them knew about the national campaign. That is a good, practical example of the importance of continued aid to churches.

CHAIR—Bronwen, just coming back to the end of one circuit of the table, maybe you would comment again. What are we really talking about here? Are we talking about people preferring to live in what is essentially a subsistence economy in a village setting, albeit a bountiful economy in terms of food and so forth, with a couple of add-ons like a bit of power and better access to a health service? Is that really what we are talking about?

Dr Douglas—They are just not little add-ons. That is modernity. These are modern societies. They are modern societies which happen to be fortunate enough to have the capacity—not across the board, but by and large—to produce their own subsistence requirements. This is good. Those add-ons are not just add-ons. They are seen as being very important. To be able to contribute to the church, to be able to contribute to the local women's group and to be able to educate the kids are seen as being important. But, in fact, from our point of view it does not actually take all that much. If you can put a tin roof on the house you can then collect water. Water is a huge problem throughout the region. It is not that they have a kind of romantic pastoral capacity to be self-sufficient. By and large they do have that capacity, but people want other stuff, too. A sweet potato or yam diet is pretty boring. People are not stupid.

CHAIR—I am not suggesting that. It just seems to me, if we are talking about subsistence economies, like access to health, there is no base of taxation to afford to provide the health services unless you do it through foreign aid.

Dr Douglas—Yes.

CHAIR—Or unless you have some other basis of growing an economy to afford to provide those health services, access to education and the other things you are talking about. This is the question I keep coming back to about the economic sustainability of it.

Prof. Nelson—Adding to what Bronwen has been saying, there are rural areas in Papua New Guinea which have subsistence economies but where there is real poverty.

Dr Douglas—There are.

Prof. Nelson—And all the indicators about health and so on—that is, live infant birth weights et cetera—establish that infant death rates are extremely high. If you started measuring areas which are most in need, then some of the rural areas, on any of those sorts of indicators, would be most in need.

CHAIR—I will go to Tim because he has been waving at me for a long while. Maev, we will come back to you afterwards.

Mr Curtin—Thank you, Senator. I want to respond to your question earlier about privatisation and the good point you made that the Somare government had a mandate to slow down the process. The one point that could be made there is that the previous government had a policy far more radical in a way than anything in Australia, where Telstra and Qantas still remain in effect 51 per cent state owned. The Morauta government sold out price control of the PNG Banking Corporation to more or less a privately owned bank and was on the verge of selling its Telecom outright to Fiji Telecom. That in itself would be a huge step. It would be interesting to see what the political reactions would be here if Telstra was sold off to Indonesian Telecom—majority control.

The previous government failed to grasp the importance of the national interest in major activities like telecommunications and airlines and failed to adopt the model of 51 per cent state control, as you have with Telstra and Qantas, both exercised in a way which provides real freedom to management, so that the 49 per cent of private shareholders are not compromised by the state shareholding and the state shareholding can be structured in such a way that it is only voting on strategic issues like removing the assets some place else or flying all the planes to another place. If the Australian government gets involved with the PNG government, it could say, 'Let's go back to privatisation but switch the 51-49 structure so that the state does retain that control on these strategic industries.' That would be a kind of compromise approach.

Secondly, Senator, the issue of Australian aid was once again raised. Just as an economist, let me say this—boring numbers—in relation to Australia's aid to PNG. Although very large, at around \$A300 million, in real terms per capita, given that the population of Papua New Guinea has doubled in the last 25 years, the amount per person has probably gone down, especially in real terms. But secondly, Papua New Guinea does have the capacity to do it itself. As I pointed out in my submission, the banking system deposit base is very substantial, arising from the oil, the gold, the copper and the other major agricultural exports, but it does not lend. It does not lend because it cannot lend. It cannot lend because there is again that failure to have a land titling system in place.

But if you took Australian banking norms, the existing deposit base, the liquid assets base of the PNG commercial banking system, it would support—on an Australian model—lending of as much as 12 billion kina, or \$6 billion. The actual lending of the commercial banking system is not even \$A1 billion, but the potential is \$6 billion. Against that, Australia's aid of \$300 million a year pales rather into insignificance. Papua New Guinea is an enormously rich country, but it is not focused, it is not directed and the essential foundation of a modern land tenure system is not there. That, to me, is the crucial step forward.

Mr Hegarty—And it is the sort of thing that would buy Tim an argument any time on this question of land. Senator, I realise we are getting close to time and we are keen to draw out some recommendations to put to you from our discussions. We are in your hands as to how to proceed.

CHAIR—I did indicate to Professor O'Collins that I would go to her next. We are running close to time and I did want to go around the table before we finished and ask each of you to nominate what the recommendation should be, quite briefly, in your view. I know most of this is in your submissions, but at least we can bring this discussion, as a discussion, to a reasonable conclusion.

Prof. O'Collins—Perhaps I can combine both. I was looking at the coffee rich area of Papua New Guinea as an example. Here we have an area where there is the potential for economic development—and there has been economic development—but because the road infrastructure has collapsed there are problems there. Because of law and order and the question of police, the coffee buyers have all those sorts of problems. If we move a little further afield to health services, there were comments made about the increasing numbers of HIV-AIDS. We have not got to the stage of South Africa and other African countries, but that may have an impact, if it is not already having an impact, on economic development.

The main recommendation is that we should not see the economic and social indicators in isolation. It has to be a holistic. There were points Hank was making about a policy or a program being no good unless we look at all the different aspects. This is why, although I am a churchgoer, I am a little concerned about talk of funding aid through the churches. That is only successful if there is a coordinating mechanism and if there is something which means that all these things benefit both social and economic development. That is the point I would make.

CHAIR—Thank you. Are there any points from up here that we want people to take account of when they do their summary?

Senator HOGG—Yes, there is one issue that was very briefly touched on earlier. It seems to me that there is a real lack of knowledge within the Australian community about what is happening. Can someone make some suggestion as to how we address that issue?

Senator SANDY MACDONALD—A couple of the speakers have made this point, but particularly Grant made the point about how we must build a Pacific community. My question is: how do the member states get on with each other? Are there any tensions within the Pacific community that we should be aware of?

CHAIR—Shall we go around and let everyone have their last word? Is that appropriate now? You have heard our questions. I do not have any more. It may be that we have questions that

occur to us afterwards and I would like to conclude by asking whether, if we do, you would mind if we put them on notice to you. All right. We will do this in seating order, starting with Michael.

Mr Morgan—There are a couple of comments. Firstly, in response to Senator Macdonald's question about tensions between countries, primarily the tensions are within them at the moment, certainly for Melanesia. There are a couple of border issues, especially with Solomon Islands and Bougainville, and ongoing but muted conflict between New Caledonia and Vanuatu over the Hunter and Matthew islands. Generally, the tensions are to be found in urban areas and within communities themselves within that national framework.

In terms of recommendations, the only one I would make—and it is not a recommendation for a distinct area to target—is that a caveat has to be attached, which is that some hard prioritisation has to be made between policy imperatives. Certainly, with respect to a country such as Vanuatu, there is a sense in which, in terms of empowerment on a national level, it is a no-win situation.

I would like to speak very briefly on four points only about the economic situation in Vanuatu. One of its major revenue earners is its tax haven and banking status, which has recently been targeted by both the US and the OECD on the grounds that that harbours the potential for criminal activity. This draws a linkage with the Caribbean states that were mentioned earlier. We have not seen in Vanuatu yet—and, hopefully, not ever—the situation that has arisen in the Caribbean of an influx of arms, although recent comments suggest that that might be changing, or the establishment of large foreign criminal cartels. The tax haven status and the banking sector do actually bring real benefits to grassroots people in terms of economic opportunities in urban areas around Port Vila—tourism, for instance. It really does focus on that. They are not the major winners. Generally expatriate entrepreneurs are the major beneficiaries, but there are some clear benefits in that regard.

What are the options? Resource exploitation. Vanuatu issued 35 mining exploration permits in a period of two years, which came to nothing. That appears not to be an avenue which the government can follow, leaving possibly forestry, an area which could be sustainably harvested, shall we say, rather than some of the clear-felling which occurred during the early nineties. That brings us to the issue of how to manage this, especially if we have a focus on empowering local people to derive the major benefit, and it comes back to this issue of land registration. I suggest that for Vanuatu—and I dare say it is going to be similar in the Solomon Islands and Papua New Guinea—land registration is a clear provocative act. Local people will see that as an attack on them by the government. Land is more than just land. It has cosmological significance; genealogies are written on the landscape.

It also is a major point of independence. There is a political and moral economy attached to this, but also a real economy. This is where people grow their subsistence crops. This is what allows them independence from more powerful, richer people. They have land and they hope that they will always have land. For many people in Vanuatu, registering it seems too close to delimiting it and taking it away. If any government does undertake that in Vanuatu, it will be political suicide. I do not think there will be much support for that in the near future, especially for the fact that, overall, democracy—this secular state, the separation of powers—is a fairly tenuous and ambiguous project for most local people.

The logic that we are working on in terms of economic intensification and creating opportunities of this type is not shared by a lot of local people. Even if they do wish for services such as education and health, they want to maintain autonomy at the same time, and I commend the senator's scepticism or caution about that, because I do not think that those two areas will fit. This is why I say that at some stage, irrespective of what is finally decided upon, this government will have to make some choices about what it includes and what it does not, especially with regard to some of these tensions or conflicts within the issues that we are dealing with.

Dr Timmer—I have two very brief points with regard to the situation of Papua. One observation is that we basically do not know anything about what is going on there, which is quite surprising looking at the close proximity of Australia to Papua. Australia should put a lot of effort into getting to know what is going on in Papua. The first point—the former was an observation—I want to make is to look closely at human rights violations in Papua. That is a crucial issue. Instead of going back to what happened with the transfer of the territory to Indonesia in 1963 and the plebiscite that was organised in 1969, it is crucial now to look at what is going on in terms of human rights violations.

In that respect, handling cases like the recent shootings at the Freeport mine and a whole range of other human rights violations is important. It is crucial to realise that these things are not part of small-scale terrorism; this kind of terrorism is organised by the military or rogue elements of the military. This relates to the strategic and economic interests of the Indonesian military in Papua. Strengthening the Indonesian military in its attempt to control Papua would lead to more human rights violations.

The second crucial point is that to tackle the problem of Papua at the moment is to give support to the Indonesian government in handling the special autonomy that was granted to the province. I think Australia could play a role in critically and closely scrutinising the process of implementation, in terms of checking or helping the Indonesian government to check on corruption and the allocation of funds and, on the other hand, stimulate grassroots development and support local communities in establishing greater capacity to work for their own communities and to get things done in terms of development. This links very well with the approach suggested by Bronwen and others, in that it is crucial to support local communities in trying to get things done.

Mr Curtin—Clearly, there is a need for education into what land registration involves. Nobody takes away my house in Spence, although it is registered in my name. Registration does not equal taking away. My great-grandfather acquired land from his grandfather in Somerset in England in 1780 and the family still had it 100 years later. Registration certainly did not lead to anybody taking it away. It did enable them to raise finance to do more with the land.

Prof. McCall—I have two comments and three recommendations. Point 1—which is a good one—is this: if you want to know the importance of women in the Pacific, go to any public market. All—if not all, then most—of the people selling and most of the people transacting will be women. If you ask a woman or a man why, they will say, 'Because men are no good with money.' Everybody believes that throughout the Pacific, yet every time anybody goes to the Pacific to talk about economic development they never talk to the people who actually run the markets.

Point 2 concerns land tenure. I have been involved with Easter Island for 30 years, looking at the relationship between kinship and land use. Easter Island is a part of Chile. The Chilean government, for its own reasons, wanted to have land registration throughout the country, not just on Easter Island, and they followed the same system. In the last six months an aunt burned down the house of her niece and a man murdered his wife. The last time a man murdered his wife on Easter Island or a senior relative burned down a younger relative's house is in legend—they are in stories; they are in myth. Both those cases are directly related to the enforced registration of land on the island.

I have three recommendations. The first is long-term planning—holistic and regional, but long term. I think that is terribly important. Also, there is the building of that regionalism through a Pacific community, perhaps an extension of the CER, which is a good model. It seems to me that 'long-term' and 'regional' have to be fundamental; otherwise it is just going to be bits and pieces and the whole thing will continue. Finally, I make a suggestion that is not in my submission. I do not believe anybody has mentioned it. It sounds too self-interested. My suggestion concerns education—not just education in the Pacific, but education in Australia as well. What about exchanges at the level of high school? Perhaps exchanges at the level of university? Incidentally, Pacific Islanders knowing about Australia and Australians knowing about Pacific Islanders has been going on for a long time; dare I say it, in the Sunday schools.

Dr Douglas—I have three points, emphasising things I have perhaps already mentioned. I think it is tremendously important that Australian policy think 'small and particular'—not instead of but as well as 'big'. That requires consultation and listening and respect for local ways of doing things, which can often take more time but it is time well spent. I will make again the point of being prepared to think of ways of working through the churches and also local women's groups. Another point that has not come up at all is that it is really important not to forget the colonial background. These are very recent states. They have come out of poorly resourced colonial regimes where virtually any education which occurred was through the churches. That means that in Papua New Guinea there was a specific obligation on our part as the former colonial power. It also means that, in general, there are reasons for the weakness of the state and for the inappropriateness, as far as most local people are concerned, of the nation state model.

Finally, again on the question of land registration, maybe there is a need for financial institutions and donors to think more cleverly about ways in which development can be financed at the local level without individual land registration so that communities can still remain in control of their land. As Michael says, it is an absolute hot potato. If you want to cause a revolution in the region, then start insisting on individual land registration.

Mr Hegarty—I have some recommendations that I would like to make. I will put most of them in writing but I would like to emphasise one recommendation that I hope the committee will pick up: that is to explore mechanisms for a more sustained engagement with the region on Australia's part. That is a theme which has come through all of the talk this morning, with a little bit of unfair commentary on five-star diplomacy. I would like to recommend second-track diplomacy in the region on a whole range of issues, from economic development through to security—perhaps they are part of the same bag—and, as part of that sustained engagement, I would recommend a visit to the region by the committee to selected countries to not only demonstrate your good intentions but also pick up on the ground views of local Pacific island and Papua New Guinean peoples about where they are at this particular point in time, 30-odd

years beyond independence, and what it is that they think about Australia and Australian policy. Thank you.

Prof. Nelson—I will restrict myself to a few things about transfers of knowledge. If the Australian government can start directing priorities in research into science, and it is going to do that in the humanities and the social sciences, then I hope that this committee will recommend that research into the region is a national priority. I think that is an obvious national need, so that research into the immediate region becomes a research priority.

The question of the media is difficult but you can see a massive imbalance now in media movements—that is, people are sitting in Port Moresby watching Australian television in the evening, and there is almost no reciprocal movement of information back to Australia. You only have a couple of journalists. Mary-Louise O’Callaghan, Sean Dorney and those sorts of people deserve to be national treasures. I have no idea how we can ensure that the Australian media is not concerned with ‘man bites crocodile’ and disaster but that there are actually good, consistent, analytical pieces in the Australian press. It is an absence that we have.

On other priorities, you can see how the immediate Pacific area is relative. If the Australian government was to go into Iraq with a minor force beside a major force, you can see that all Australian interests in the region would get swamped. Australian intelligence, Australian foreign affairs, the Australian parliament and the Australian Army would all be directed there. One of the things that worries me about all of those engagements where Australians are minor contributors—having no impact on policy, no impact on events on the ground although they will participate in a tiny manner—is that it will swamp an engagement with a region where our policies matter and where we have, uniquely among nations in the world, intelligence. Thank you.

Ms George—What I have to say probably relates only to the Fijian context. I am not sure how it plays out for other countries in Melanesia. We have been talking about the idea of there being subsistence affluence in rural areas. In Fiji it should be understood that that has to be counterpoised with the fact of increasing poverty in the urban setting. It is a type of poverty that is often hidden. The big cities in Fiji, particularly Suva, act as a magnet for young people. The desire of the youth of Fiji to move from the rural areas to the cities has been well documented. But this, of course, creates problems. There is an increase in squatter settlements, as I think I said before.

What I am trying to suggest is that we have to understand what poverty in the Pacific means at a number of levels, not only via AGB surveys but also by microlevel studies of the real fact of poverty, and make sure we get the people living in these situations into the picture.

CHAIR—Professor O’Collins, I think you have closed off your rights, but do you have any second thoughts?

Prof. O’Collins—Just one thought, and that is picking up on the critical timing. If there is a watching brief, if that corporate knowledge, skills and memory—which I really do feel are so important—were there and there were people who were able to have access to alert appropriate government departments, perhaps we would have had earlier and more effective intervention in the Solomon Islands. I am not saying we would have but it is always a feeling that perhaps, if we had acted more appropriately, more compassionately, at an earlier stage, something might

have happened. This worries me, taking Hank's point: if the attention turns to other countries, all that will disappear and when we turn around the Pacific might be in flames. That is the point I would like to make.

Ms McLeod—I would like to note that, just as we as Australians need sustained engagement with the Pacific, as academics we need sustained engagement with the policy community. That is the main basis of our project's work. From my own experiences in interacting with policy communities at times, when what we have to say is messy or does not fit with desired policy outcomes, it is pushed away. There is a need for more ongoing interaction rather than selective interaction.

CHAIR—That is a question for us, and the connections we make with you at this level, as well as other parts of government.

Ms McLeod—Certainly.

CHAIR—It seems that you have the last word, Mr Piper.

Mr Piper—That is awkward, isn't it?

Senator HOGG—No, it is not.

Mr Piper—I endorse a holistic long-term framework. I think the committee can do a tremendous job in emphasising the particularity of the different territories, and that tends to get lost in the public. We have all talked about finding better aid transfer mechanisms, but as an old bureaucrat I find it difficult when people say, 'No, we have to have some way of handing money to the grassroots.' It is tremendously complicated but there is no way that the government of Vanuatu, the government of the Solomons or the people in Port Moresby will tolerate Australian aid or even NGOs going straight into a province and taking on grassroots developments.

We have to be more sophisticated in finding ways of aid transfer over different time scales and do it in a way that will create this sense of genuine commitment without pressurising or trying to force our models. With respect to the World Bank, there is no way we will get rid of communal ownership of land in the region. It may make sense in economic doctrine but it makes no sense in the South Pacific. It is an intolerable and disruptive idea; I think the World Bank has abandoned it now and is thinking more about ways of giving communal groups the capacity to raise money without breaking down.

On the business of a community—Senator Macdonald's question—we need to work hard on it. We need to put money into all sorts of cultural and other links. I think the university educational link can be achieved without running into any kind of government-to-government tension. It is also the case with rugby union. Why didn't they create a Pacific team when they wanted another team to join the SUPER 12 group of rugby union teams? But the aid and the trade issues are very important. Will we come back to security, Senator Cook? A lot needs to be said about the Solomons and Bougainville, which probably you have not picked up, though you may have, or will do so in other forums.

CHAIR—We have not been able to do it justice here today, that is true, but it is a major stream of our inquiry. It is not one that we are going to let slide, I assure you. We may have

questions on notice for you about that as well. For everyone here, if there are additional thoughts that occur afterwards that you think might help our considerations in putting this report together, feel free to contact our secretariat with those. Senator Hogg, Senator Macdonald, do you have any last words?

Senator HOGG—No, Chair.

Senator SANDY MACDONALD—No.

CHAIR—Thank you all very much. It has been a very worthwhile session. We have appreciated it. We are sure that our report will be better because of it.

Committee adjourned at 12.13 p.m.