



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES  
COMMITTEE

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

WEDNESDAY, 19 FEBRUARY 2003

SYDNEY

BY AUTHORITY OF THE SENATE

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## SENATE

### FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE

Wednesday, 19 February 2003

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

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

**Senators in attendance:** Senators Cook, 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.

## **WITNESSES**

<b>BRUNTON, Mr Brian, Alotau Environment Ltd.....</b>	<b>225</b>
<b>BURNS, Mr Trevor, Head, Government and Parliamentary Relations, Corporate Affairs Division, Australian Broadcasting Corporation .....</b>	<b>244</b>
<b>CAMPBELL, Mr Stephen, Forests Team Leader, Greenpeace Australia Pacific.....</b>	<b>233</b>
<b>DOHERTY, Mr John, Head, International Relations, ABC Asia Pacific, Australian Broadcasting Corporation.....</b>	<b>244</b>
<b>KENNEDY, Mr Ian, Director, Ian Kennedy and Associates.....</b>	<b>257</b>
<b>KINNE, Doctor Rosemary, Trustee, Dominican Sisters of Eastern Australia and Solomon Islands ...</b>	<b>212</b>
<b>LEAVEY, Doctor Margaret Carmel, Member, Dominican Sisters of Eastern Australia and Solomon Islands .....</b>	<b>212</b>
<b>MANGUY, Mr Jean-Gabriel, Head, Radio Australia, Australian Broadcasting Corporation.....</b>	<b>244</b>
<b>RATTENBURY, Mr Shane, Political Liaison Officer, Greenpeace Australia Pacific .....</b>	<b>233</b>
<b>SMITH, Ms Marilynne J.K., Manager International Training, Training, Australian Broadcasting Corporation .....</b>	<b>244</b>
<b>TAN, Ms Lee, Co-ordinator, Asia-Pacific Unit, Australian Conservation Foundation .....</b>	<b>225</b>
<b>THOMSON, Mr James Davenport, National Education and Advocacy Officer, National Program on Refugees and Displaced People, Christian World Service Commission of the National Council of Churches in Australia .....</b>	<b>200</b>

**Committee met at 9.46 a.m.**

**CHAIR**—I declare open this meeting of the Senate Foreign Affairs, Defence and Trade References Committee and I call the committee to order. Today is the fourth of the committee's 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 to the room. Copies of 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. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. It is important for witnesses to be aware, though, 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 Chair and the committee will consider that 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 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.

When witnesses are first called to answer a question, they should state clearly their names and positions. Witnesses will be invited to make a brief opening statement to the committee before the committee embarks on its questions. An officer of a department of the Commonwealth—and I do not think this applies to anyone in the room at the moment; but I will get it down now so that when the ABC turn up later it will at least have been put on the record—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.

[9.49 a.m.]

**THOMSON, Mr James Davenport, National Education and Advocacy Officer, National Program on Refugees and Displaced People, Christian World Service Commission of the National Council of Churches in Australia**

**CHAIR**—I welcome Mr Thomson to today's hearings. The committee has before it the submission from the National Council of Churches in Australia. Do you wish to address the committee on your submission?

**Mr Thomson**—Yes. Two submissions have been submitted to this inquiry: the first I prepared; the second was prepared by my colleague, Mark Hobson, who is unfortunately not able to be with us today. He sends his apologies. He is in PNG at the moment. There are two basic areas that I would like to address. My area of expertise is the Pacific solution, so I will address that first.

**CHAIR**—Your colleague's submission is a more general submission than yours. As you were saying, your submission is on the Pacific solution. I am advised that we have arranged for your colleague to speak to the committee on his submission in Canberra later.

**Mr Thomson**—I was not aware of that. In that case, I will only briefly cover the second submission. I thank the committee for inviting me here today. I will first address the Pacific solution. It is very important to be clear about what the nature of the problem is. The Pacific solution, in essence, is a response to around 4,000 refugees arriving on shore without visas. It is a tiny figure when you compare that to the annual intake Australia has for immigration of 112,000 and it is tiny compared to the number of asylum seekers Europe has annually, which is in the hundreds of thousands. Judged from that perspective, I guess you cannot consider it a really serious problem but more that it has created problems.

I will start by addressing the 1951 refugee convention and the fact that the Pacific solution goes against the convention. In terms of intercepting and deterring refugees, I think it simply pushes the burden onto other countries. In addition, it also puts them back into the hands of people smugglers. I think it also encourages other states by way of demonstration to basically shirk their responsibilities. While Australia has had quite a generous offshore program in the past, there is a general lack of consideration for Australia's main responsibility under the 1951 convention, which is towards refugees arriving on shore.

Our church partners in the Pacific also feel that deploying the Australian Navy to intercept boat people and forcibly transfer them to detention centres in the Pacific until they are either given a visa or literally removed, lacks all proportion both as a response to a comparatively minor influx of refugees—as I was saying, around 4,000 a year—and as a measure to combat people smuggling and secondary movement. Under international law it is clear that any domestic law redefining migration zones cannot override Australia's obligations under the 1951 Refugee Convention. Article 27 of the Vienna Convention on the Law of Treaties plainly states that 'A party may not invoke the provisions of its internal law as justification for its failure to perform' its treaty obligations.

The second thing I think the government has failed to consider is that when signing the International Covenant on Civil and Political Rights article 2 says ‘to respect and to ensure to all individuals within its territory and subject to its jurisdiction’. Signalling a further withdrawal from the convention sets quite a poor precedent for other countries and encourages other developed and less developed nations, such as Iran and Pakistan—which have both been host to around four million Afghan and Iraqi refugees—to abrogate their responsibilities. Indeed, Pakistan, at the time of Australia’s Pacific solution, cited Australia’s increasingly strict policies as one reason for shutting its border to Afghan refugees in 2001.

Another thing which is very important for international law, is that the Pacific solution encourages arbitrary detention. In its haste to secure a deal with Papua New Guinea, Fiji, Nauru, Tuvalu and other countries, there was a general lack of consideration for how the Pacific solution would actually fit with the constitutions of Nauru and Papua New Guinea in particular. Arbitrary detention, in the sense of it being mandatory, indefinite, and not judicially reviewable—on all those three provisions—breaches, I believe, international law. It also breaches provisions in both Nauru’s constitution and Papua New Guinea’s constitution, which both have strong civil rights provisions. Given that there is little danger of absconding in PNG, particularly from Manus Island and Nauru, if PNG and Nauru had been left to their own devices they probably would not have chosen detention for refugees.

We are now seeing refugees being detained indefinitely. They have already been judged to be refugees and they are still being detained—literally, because Australia cannot find resettlement places. Unsuccessful Iraqi applicants are also facing a position of indefinite detention because they cannot be returned to Iraq and no other country is willing to accept them at this stage.

My next point of contention is that it harms Australia’s international reputation. I will cut to the main point here. Far from creating the impression that Australia is trying in a cooperative manner to find an international solution to alleviate the factors that drive people to flight, the Pacific solution creates the general impression that we are trying to dump our problems on small, less developed and aid dependent nations. I think the comments of Hilda Lini, Director of the Pacific Concerns Resource Centre—which is part of a nuclear free and independent movement in the Pacific—sum up this feeling quite adequately. She says:

The Pacific has always been a dumping ground for everything industrialised countries reject, whether its weapons, whether its military bases, (nuclear) testing, or in this case the dumping of human beings from other regions.

At best, the Pacific solution makes Australia look like an unwelcoming country instead of a tolerant, compassionate, multicultural society and, at worst, it makes Australia look more like a neo-colonial entity.

The types of organisations that have opposed the Pacific solution include the Pacific Conference of Churches, the Pacific Concerns Resource Centre, the Pacific Theological College—which are all our partners—as well as the Pacific Desk of the World Council of Churches and other national NGOs, such as Fiji’s NGO coalition on human rights. Opposition has also come from Nauru’s opposition party and many others as well. I think there is a general feeling, particularly in Pacific civil society, that Australia is now increasingly acting out of narrow self-interest and in a neo-colonial manner and that it directly impinges on the sovereignty of Pacific nations.

I also think there is an extent to which the Pacific solution works against Australia's national interest. The perception in the Pacific is that the Pacific solution is basically a symbol of Australia's relations with the Pacific in the terms I mentioned before. I would add that the lack of consultation, the disregard for the rule of law in terms of encouraging arbitrary detention, the lack of legal representation—which also has implications for Nauru and Papua New Guinea's constitutions—and the general hastiness of introducing the Pacific solution have pretty much wounded Pacific pride. That kind of wounded pride generally leads to increasing disengagement and heightened feelings of neo-colonialism, as I said before. That in turn breeds a general feeling of wanting to gain greater independence from Australia and leads to changes in the perception of other Australian government policies.

My next point is that the Pacific solution is financially unstable. The Pacific solution comes at a very high price. Not only does it penalise the victims rather than the people smugglers; the sheer cost is totally unsustainable. We were first told that it was going to cost \$96 million. Later on, a report to cabinet stated that it would cost \$500 million. In the 2001-02 budget, the government allocated \$2.8 billion over four years for border protection. This was in addition to the \$500 million. All of this, I remind you, is for 4,000 refugees arriving annually without visas. It is a disproportionate response and is totally out of step with measures to combat people smuggling or secondary movement.

I also think that it lacks all proportion in terms of support for countries of first asylum, like Pakistan and Iran, as I mentioned before. I will give you a couple of quick examples. Last year Australia's total aid allocation to countries surrounding Afghanistan—that is, the main areas where refugees come to Australia—was just \$21.3 million. That was the combined figure. We can also compare the expenditure on the Pacific solution to Iran, which received less than \$60 million per year from the international community in total for over 2½ million refugees. We can compare it to UNHCR's entire annual budget, which each year is a little over \$900 million for over 20 million people. Remember: we are talking about 4,000 people and we have allocated \$2.8 billion over the next four years.

The Refugee Council of Australia has also worked out that the cost of processing asylum seekers offshore is roughly \$250,000 per head, compared to \$50,000 per head in Australia. That gives you an idea of the disproportion. I think it is also important to note that this distorts Australia's civic development priorities. I will not go into that because it is more fact and figures, which I refer to in my submission.

The second point worth emphasising is that it distorts Pacific politics in general. The governments of PNG and Nauru moved to stifle debate in both countries, which I think is an important point to make. In Nauru, Dr Kieran Keke, one of two doctors in Nauru's main hospital, and David Adeang, from the presidential council, were both suspended without pay on orders of the President, Rene Harris, after they took a stand against the Pacific solution. In PNG, as you will be well aware, the foreign minister was sacked. One provincial governor also lost his position. It also appears that the government's decision to lift sanctions against Fiji just five hours before Australia's federal election was announced on 5 October 2001, was premature and clearly designed to facilitate negotiations for Fiji to become another Pacific camp for Afghan and Iraqi asylum seekers.

My last comments will very quickly address the importance of churches and their role in the Pacific. I will keep this very brief. First, I wanted to address the point that, while there is

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increasing concern that there is an ‘arc of instability’ in the Pacific, it is very important to note that the churches in the Pacific very much remain an arc of stability which counters that. In the midst of crisis and state breakdown, the churches remain the only moral centre, and people turn to them for guidance in such times of crisis.

Here I would remind everybody that 95 per cent of people in the Pacific are actively involved in the life of the churches. The churches are alive and dynamic. They are also an accurate representation or reflection of communities at a time when other institutions are collapsing. I think it is imperative that they be recognised as such in Australia’s dealings with the Pacific and engagement with civil society in particular.

In terms of the role of churches in the Pacific, I would like to touch on a few areas. As I was saying, in the midst of crisis and state breakdown the churches remain a moral centre. In that sense, churches can play a very important role as a sounding board. There are often no other regional forums to address those sorts of issues that are quite as well connected throughout Pacific societies, as well as in terms of having formed a regional consensus on issues.

These regional ecumenical organisations and churches come to the NCCA, the National Council of Churches, to express their views so that we will stand in solidarity with them. We advocate on their behalf as part of a much broader partnership relationship—rather than just a donor-recipient relationship—and act as a sounding board for a lot of initiatives through such groups as ACFOA’s Pacific and Solomon Island working groups.

In terms of the NCCA and regional organisations, there are organisations such as the Pacific Conference of Churches, which includes most of the main churches throughout the Pacific. There is the Pacific Concerns Resource Centre, which, as I said, is part of the Nuclear Free and Independent Pacific network. Again, that has very much an ecumenical basis and was created by the Pacific Conference of Churches, the main partner organisation of the National Council of Churches. There is also the Pacific Theological College, which plays an important role.

There are also the member agencies of the National Council of Churches, and I will briefly mention a couple of them: Uniting Church Overseas Aid, Australian Baptist World Aid, Australian Lutheran World Service, AngliCORD, Caritas and the Adventist Development and Relief Agency. We are also a member of ACFOA, so I think in general the National Council of Churches in Australia has an important relationship in the Pacific as well as churches playing an important role. I will leave it there. Thank you for inviting me once again.

**CHAIR**—Thank you. I am not out of sympathy with your submission at all. Having been the chairman of the Senate Select Committee into a Certain Maritime Incident, which was colloquially known as the ‘children overboard inquiry’, we had as part of our terms of reference the Pacific solution, and we looked specifically at that. Our findings about the misbehaviour of the former minister for defence overshadowed in the public arena our findings on the Pacific solution. I guess that is understandable. Nonetheless, a substantial body of work in that inquiry was put into making findings about the Pacific solution; it focused on that among other things. Several things that you have put to me this morning—although I have to say not all—have resonance and are consistent with some of the findings that committee made.

In this committee we are concerned about Australia’s relations with Papua New Guinea and the Pacific island states. The part of your submission that I would like to ask questions about

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relates to the impact of the Pacific solution, as it is called, on our aid structures and on our relationships within the region rather than the rights or wrongs of the Pacific solution per se. I have already expressed a view about that. What would be useful for us in this inquiry is to look in some detail at some of the issues.

One of the points that you make in your submission, which is a point that is frequently made by other participants in this debate, is that the cost to Australia of funding the Pacific solution is under-represented in the budget papers compared to the outlays announced when the program was first established, leading to a healthy belief that the shortfall in the announced budget provisions would be made up out of the aid program. Have you been able to look at how the Pacific solution has been funded and whether in fact we have robbed the Peter of our aid program to pay the Paul of the Pacific solution?

**Mr Thomson**—I cannot say that we have been able to isolate exactly where a lot of the money is coming from. We have attempted to put questions to the Senate estimates committee and to other parliamentary structures, but we have not been able to get the level of detail of costing and where exactly the money is going in the Pacific. Generally, I would say that it is massively under-represented. I would very much like to see the breakdown of the one estimate contained in the report to cabinet, which was leaked, regarding the figure of \$500 million. I would very much like to see a breakdown of that figure, but we have not been able to get that, in particular. Among the other figures that were initially announced, particularly the \$96 million, and at that time Nauru was promised \$30 million but the government had only budgeted for \$20 million. So there were great concerns over where the other \$10 million would come from—whether it would come from other parts of the aid budget or from within the Department of Foreign Affairs and Trade.

In terms of the more general costs of the Pacific solution, a lot of costs are not accounted for. For instance, the Pacific solution has created a lack of trust between the Australian government and the Pacific governments. I think that general lack of trust and the ill-feeling created sometimes by the Pacific solution have a lot of implications right across the board for Australia's relations. I do not think things like that are properly accounted for as a cost, simply because they are not financial in nature. That other thing that is probably not accounted for—and again we have not been able to get detailed figures of this—is the actual cost of intercepting refugees in Australia's northern waters. Again, I would have to take that question on notice and try and find out more details.

**CHAIR**—As I said, I have written a report that expresses my view, which is not entirely inconsistent with what you have put to us. What I am concerned about though is, irrespective of our view about the Pacific solution, how it is funded is important if it robs money from the aid programs and is therefore seen as a substitute for aid funding. I am interested to know if you have any further information on that very point, but it seems that we are to pursue that point in another way.

**Mr Thomson**—I definitely think funding within the broader budget should come from the department of immigration rather than Australia's aid program.

**CHAIR**—That point might be one that would command the interest of this committee. If you are going to do a thing like the Pacific solution, then it ought to be fully funded and you ought not take money out of the aid program and reduce the significance of the aid program. That may

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be a debatable point, but at face value it seems to me to be a reasonable proposition. You said that the Pacific solution infringed the Papua New Guinea constitution, which is a common assertion. Taking that argument to its conclusion would mean that the former government of PNG that entered into this agreement did so ultra vires its constitution and, therefore, improperly and the current government, which was then in opposition but has continued this on, has compounded the felony, if I can put it in those terms. Has there been any challenge by your affiliates in PNG to the constitutionality, to test that proposition in the courts in PNG?

**Mr Thomson**—Yes. There is a group of lawyers who have been challenging the unconstitutional nature of detaining refugees in Papua New Guinea.

**CHAIR**—Where is that action up to?

**Mr Thomson**—I cannot tell you where the action is up to at the moment. I am not aware of the details of the case.

**CHAIR**—Do you know if it has gone to hearing?

**Mr Thomson**—I do not think it has yet, no. The second point that I would add is that Papua New Guinea's constitution also contains provisions for legal representation. We asked the International Organisation for Migration about this. Their position was that detainees were free to receive legal representation if they could arrange it, but no legal representation or arrangements for access to legal aid were made. In a position where a detainee is isolated, generally either on Manus or Nauru islands, there is certainly a lack of available legal assistance. It would be the obligation of the Papua New Guinea government to provide legal assistance of some sort in preparing applications, so I think that is another instance. Whether it actually breaks the constitution or not, certainly a challenge could be issued on that.

**CHAIR**—There is a view that these are sovereign nations. Australia is the major economic power in this region, but we are obliged and probably should recognise the rights of sovereign nations to make sovereign decisions for themselves. I think that is quiet unexceptional and we should all tick that proposition off, frankly. But this view continues that all that has happened in terms of the Pacific solution is that one nation, Australia, has said to other nations, Nauru and PNG, 'We want to pay you some money to take these people,' and that it should be seen as no different from Taiwan saying to the Solomon Islands, 'We want to pay you to take some toxic waste.' It is a contract between nation states and nations are all free players in this, able to conclude these agreements. Nations do this all of the time and there is nothing exceptional about it. That is the view that is frequently put. Do you have a comment on that?

**Mr Thomson**—The conditionality of aid, as has happened to date, has been one thing. When you are offering conditional aid and the assumption made is that human rights will be breached in the process, I think that is a very serious matter. Arbitrary detention is not something that is treated lightly under international law. UN Human Rights Commission working group on arbitrary detention has already expressed an interest in visiting Papua New Guinea and Nauru to determine whether it is arbitrary detention. There is a secondary thing for Australia, and that is that the Pacific solution creates a precedent that any form of conditional aid is acceptable. I do not think there is a stronger human rights breach than arbitrary detention. If that sort of conditionality or prompting, that proceeds in that sense, is allowed to go unrecognised or

unchallenged it would certainly encourage other nations to make similar deals that have human rights implications.

**CHAIR**—Let us do a before and after snapshot. How would you describe the view that your church partners in the Pacific had of Australia prior to the *Tampa* incident and post the *Tampa* incident and the Pacific solution? Did views change? If so, how?

**Mr Thomson**—There have always been general concerns over conditional aid and subjects such as that in the Pacific. I think the Pacific solution has highlighted and made a symbol of all that is wrong with Australia's relations with the Pacific in terms of conditional aid, lack of consultation and the double standards that Australia can apply to the Pacific. I will give you specific examples. On the one hand we have the Australian government promoting the rule of law and good governance, which particularly concerns Papua New Guinea and Nauru as well as other countries, but what we have on the other hand is a Pacific solution that completely disregards the rule of law—two constitutions in particular. There is also the situation where it allows countries like Nauru to avoid assuming financial responsibility for some of its past policies. In general, the lack of consultation and the double standards—that Australia is promoting one thing and doing another thing—have a very strong impact.

The other thing is that this is dealing with actual people. It is not dealing with facts and figures or programs or policies which are either put in place or not put in place or funded or not funded; this is dealing with real people. Certainly, to date, the practice in the Pacific has not been to detain refugees. I think there is much more tolerance of strangers throughout the Pacific. So, at that level, it has created much more opposition and really highlighted a couple of the main points that Pacific islanders would disagree with with respect to Australia's approach to the Pacific. I will also outline the depth of feeling. Shortly after the Pacific solution was introduced, I went to Fiji for the Pacific Conference of Churches. I sat back as an observer and did not actually mention the Pacific solution. On the second day, after three or four comments were made on the Pacific solution, they asked me specifically to address the problem, and I gave my views on the position.

Without any prompting whatsoever, they had decided to issue a press release from the Pacific Conference of Churches, as well as a number of other regional organisations. I will just briefly mention a couple of them to give you an idea of who signed it: PIANGO, the Pacific Islands Association of Non-Governmental Organisations; the Pacific Concerns Resource Centre; the Pacific Theological College; the Pacific Foundation for the Advancement of Women; the Pacific desk of the World Council of Churches; and the Pacific Conference of Churches itself. I do not think you can get a broader representation of regional organisations. They drafted it, they signed it, and it is a very strong statement which very much condemns the Pacific solution.

That has been followed up by a number of other statements. For example, the PNG Catholic Bishops Conference, most recently, and the Nuclear Free and Independent Pacific Conference in Nuku'alofa in Tonga, which I also attended, issued a very strong resolution, again condemning the Pacific solution. I would stress that there were over 100 delegates at that conference who voted in favour of the resolution. Those delegates represented 21 countries and pretty much every Pacific non-governmental organisation. So I would stress those two as an example of widespread opposition to the Pacific solution.

**CHAIR**—I will shortly pass the microphone to my colleagues to ask questions. Let me conclude at this point with this question to you. I do not want to put words into your mouth, so if any of these words are not to your liking please change them. Is it your contention, essentially, that what happened here was that a number of weak and vulnerable economies were confronted with an offer of funding that they would not otherwise have attracted and, as a consequence, a distortion of our development priorities occurred by the reinforcement of a mendicant mentality in Pacific island states, including PNG? In other words, whatever opportunity to earn some income for their economy has to be grasped because they have no alternative; they are in such a poor state. Rather than addressing poverty alleviation and self-sustaining economic growth in its own right, this reinforced the handout mentality and the sense of vulnerability. Is that essentially what you are saying in your submission?

**Mr Thomson**—Certainly I think that that definitely encourages the Pacific to be looked upon as a mendicant set of states as well as the perception that Pacific island states should act as such. However, I would make the statement even stronger: Australia's Pacific solution more or less makes it appear that Australia is totally willing to tender out its most serious problems through contracts to the highest bidder in the Pacific. It literally approached East Timor first, it approached Tuvalu and it approached Fiji, and they all rejected it. Finally, it approached Nauru, which was very well-known at the time to be in serious need of aid funding from the Australian government, and PNG, which has a longstanding dependence on Australia. I would add that this creates a very bad precedent for other nations in terms of what they might do in terms of tendering out the disposal of nuclear waste and other problems to developed nations, particularly because the Pacific solution has such serious human rights implications.

**CHAIR**—Where is your balance of criticism? Is it on the states that accept the deal, or on the country that offers the proposal—or, taking the tone of your submission, contrives the acceptance of the proposal?

**Mr Thomson**—The balance of responsibility certainly lies with Australia first. We were very pleased, for example, that the Great Council of Chiefs in Fiji rejected this of their own volition and also that Tuvalu rejected it. There are other concerns about the willingness of the Australian government to allow Tuvaluans to come to Australia which affected that deal, I think. But certainly the balance of responsibility lies with Australia, because these countries are very dependent on Australian aid and I think political leaders are also somewhat dependent on Australian aid to ensure their political support. I say that in particular with regard to Nauru.

**Senator SANDY MACDONALD**—Mr Thomson, apart from your concerns about the Pacific solution, how is Australia perceived in the broad and how can that perception be improved?

**Mr Thomson**—Repealing what I often term the September 2001 legislation, which is actually seven pieces of legislation, would be a very good start. I do not think the Pacific solution is sustainable or workable; it will simply create ongoing damage to Australia's relationship with PNG and the Pacific, and internationally it harms Australia's reputation quite considerably. Therefore I think the only way to improve relations and Australia's reputation is to remove the whole Pacific solution. If the money spent on the Pacific solution were reallocated as aid to the Pacific, it would greatly improve the relationship with the Pacific. If it were reallocated as assistance to countries of first asylum—like Iran at the moment—it would greatly

reduce the number of asylum seekers coming to Australia, which would in effect solve the problem.

**Senator SANDY MACDONALD**—Do you genuinely believe that the Pacific solution will have a long-term impact which will continue for many years?

**Mr Thomson**—Yes. I think the memorandums of understanding between the Australian government and the PNG and Nauruan governments will constantly be renegotiated; renegotiations will constantly involve aid in return for various services, whether detention or other services; and that will be a source of ongoing consternation simply because of the treatment of asylum seekers, the fact that refugees are detained in the Pacific, the fact that detention is arbitrary—my list of concerns is before you.

**Senator SANDY MACDONALD**—How many potential refugees are still held under the Pacific solution?

**Mr Thomson**—I would have to get the exact figures. There have been two conflicting reports recently. One was that there were only 12 left on Manus in Papua New Guinea. There was some speculation that they were the troublemakers and that was why they were not transferred to Nauru. There was also a report that four asylum seekers had been transferred from Christmas Island to Papua New Guinea. I have not been able to verify all of those reports, so the number for Papua New Guinea is between 12 and 16. I am not aware of the exact figure in Nauru at the moment. I have the figure somewhere back at the office, so I could take that on notice.

**Senator SANDY MACDONALD**—It would be likely to be quite small though, presumably.

**Mr Thomson**—Yes. I would add, though, that whether asylum seekers have had their applications processed or not is sometimes not the point; the point is that there should be best practice in refugee status determination. It should be done very quickly and cases should be expedited. The people detained in Nauru, particularly Iraqi asylum seekers and refugees, should have been processed a long time ago and those found to be refugees released under a settlement scheme or at least allowed to live freely in the community in Nauru. So, although I am not aware of the exact numbers and the proportions of asylum seekers and refugees at the moment, it is certainly a very strong concern.

**Senator SANDY MACDONALD**—I think I understood you to say that, whilst we might describe the Pacific as an arc of instability, the Christian church was an arc of stability because of the 95 per cent membership of a Christian church. Obviously you are an aid processor. What assistance could be provided to you to increase your capacity to be this arc of stability?

**Mr Thomson**—The National Council of Churches has a number of programs it supports—for example, the Solomon Islands Development Association, which works in conflict resolution, with youth and other programs.

**Senator SANDY MACDONALD**—How successful are they? They certainly have got their work cut out there.

**Mr Thomson**—Yes. I have not visited the Solomon Islands personally to see the projects. I ask that you direct that question to my colleague, Mark Hobson, who will be appearing before

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this inquiry. He was there recently, so he is in a much better position to answer that. But from what I know, it is very successful. I met the guy who runs that project in Tonga and he described the project to me and it did sound very successful, which is quite promising.

AusAID's general approach to the Pacific probably has not utilised the capacity of churches, both at the national level and the regional level, to work on issues such as peace, conflict resolution, institution building and encouraging general positions on the importance of good governance, the rule of law, and democratic concepts—all of those types of things which could be utilised through the role of the church. For example, in Papua New Guinea churches provide 40 per cent of education in some Highland provinces and in other areas they provide 90 per cent of the health and education. So utilising those institutions for civic education programs and general literacy and numeracy programs is certainly worthwhile for nation building and development in general.

**Senator SANDY MACDONALD**—Do you have a general comment about the way that Australian aid programs are managed?

**Mr Thomson**—Last week I attended a briefing by AusAID regarding the PNG country strategy. I was impressed that they are now looking more toward engaging with churches, particularly in Papua New Guinea, because they have realised the role and importance of churches. While other institutions are declining in a lot of Melanesian countries—

**Senator SANDY MACDONALD**—What is declining?

**Mr Thomson**—A lot of institutions are facing neglect, decline and even collapse in some instances.

**Senator SANDY MACDONALD**—But not the church, I hope.

**Mr Thomson**—No, not in all situations. In some cases maybe, but generally they remain resilient and strong. In fact, in times of crisis I think they grow even stronger because people turn to the churches for support and guidance in understanding issues, taking action and things like that.

**Senator MARSHALL**—Mr Thomson, this morning you said—it is also in your submission—that it is clear that any domestic law redefining migration zones cannot override the obligations Australia has entered into under the 1951 refugee convention, but it appears that it has. Are you aware of any steps taken to seek redress on the issue?

**Mr Thomson**—I am not aware of any concrete steps. I would imagine that at the UN Human Rights Commission meeting either this year or the next it will certainly be raised as an intervention—by which organisation I do not know, but I imagine that it would arise. In terms of challenging it within international law, I am not aware of any actions taken at the moment. But certainly there is a case to be made in terms of breaching article 27 of the Vienna Convention on the Law of Treaties, and of breaching the International Covenant on Civil and Political Rights.

There are also very serious concerns that, in intercepting refugees and turning them away en route to Australia, the government that does so effectively takes responsibility for those

refugees—if they are classed as refugees later on. If Australia transfers its responsibility or attempts to do so by having them detained in Nauru or Papua New Guinea, it is Australia's obligation to make sure that they will be looked after, that those countries have signed the refugee convention and actively have the capacity—and the willingness, I guess—to oversee the convention. I have not seen any strong evidence that that is the case. Papua New Guinea has signed the refugee convention. It has made a number of limitations, but I would not say that it has applied the refugee convention in spirit or in practice.

**Senator MARSHALL**—You talked about the expectation that Australia would be a country that would apply the rule of law and the principles that go with that, and you said that the Pacific solution has resulted in lowering our esteem and the view of us as a country, specifically in PNG. There have been a lot of submissions suggesting that the institutions and elites in those countries who make the decisions and carry the power have massive levels of corruption, that the rule of law does not apply to them but only to the people on the ground and that the people have a view that the government is corrupt and does not apply the rule of law anyway. Why have we sunk so low as a result of the Pacific solution when it has been put to us that there is a common view that there are massive levels of corruption and that the rule of law does not apply in their own countries anyway?

**Mr Thomson**—I think Pacific people have always looked to Australia in some senses as a role model. Australia is a stable, democratic nation in most cases—perhaps with the exception of the Pacific solution. Even though Pacific people are aware of the practices of governments and condemn them quite actively, when Australia comes to the region and encourages things like the rule of law and good governance, puts funding into them and then deliberately acts to the contrary where its own national interest is concerned, that sends a very strong message. When a government like Australia's does that, it is the level of expectation which really stands out in contrast to its actual practice.

**Senator MARSHALL**—In relation to aid being linked to good governance outcomes and denied unless those can be demonstrated on the ground, there is a possibility that many institutions—again, I am primarily talking about PNG—would not be able to apply good governance standards, even if there were a desire to do so, because of the breakdown of those institutions. What would be the church's view if aid were denied significantly as a result of that, and what would be the possible outcome for the population of PNG as a result of that linking of aid to good governance?

**Mr Thomson**—If aid were denied on the basis of lack of good governance—

**Senator MARSHALL**—Some submissions have said that aid should be denied until good governance can be demonstrated.

**Mr Thomson**—We—the National Council of Churches—face this constantly in our relationship with partners in the Pacific, and I think a lot of aid agencies around the world face a similar question. The traditional view of donor-recipient relations is that either a partner performs or does not, or is in a position to implement a certain project or is not. If it has problems with its governance structure and capacity, you go to another non-government organisation and provide funding to them. It is very important to consider the much broader parameters of Australia's relationship with Papua New Guinea. If Papua New Guinea has concerns and problems with good governance, Australia must engage actively to help it resolve

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those. Particularly in good governance, respect for the rule of law and things like that, it is very much the case that Australia needs long-term relationships with people in government in Papua New Guinea who are going to implement programs and strengthen the capacity and governance of Papua New Guinea.

**CHAIR**—Thank you very much, Mr Thomson. If you come across any further information about how the Pacific solution has affected the aid allocation, please let us have it.

**Mr Thomson**—Okay.

**Proceedings suspended from 10.40 a.m. to 11.02 a.m.**

**KINNE, Doctor Rosemary, Trustee, Dominican Sisters of Eastern Australia and Solomon Islands****LEAVEY, Doctor Margaret Carmel, Member, Dominican Sisters of Eastern Australia and Solomon Islands**

**CHAIR**—Welcome. I appreciate that you are making two separate, but nonetheless associated, submissions. I will leave it for you to decide who should go first.

**Dr Kinne**—I am speaking on behalf of our sisters in Australia and the Solomons, mainly from my experience of 11 years in the Solomons. I have been in touch recently and visited recently. You should have a copy of my recommendations. It is an update.

**CHAIR**—Yes, we have.

**Dr Kinne**—Perhaps I will speak to that in this five-minute introduction. The recommendations are related to the four challenges I saw for Australia. The first is that I think Australia's reputation does need to be worked on in the Pacific. It would help if the Prime Minister went to the Pacific forum countries. They have noticed his absence; they take it as: 'We're not important enough for him to come.' I know that the high commissioner in Honiara—I sent a letter to him—seemed a bit upset when I indicated that perhaps our reputation was not as good as it might be. I just said, 'I hope you can restore Solomon Islands confidence in Australia.' He got a bit hurt. I think he thought, 'Well, it's there anyway; people are telling me this is very good.' But, if you look at the media, in the newspapers I get from the Solomons, Taiwan and Japan feature very prominently—with photographs, comments and so on. Australia is there a little bit. I think maybe Australia needs to use the local media better—our PR needs to be improved.

I was at a conference in the Philippines last year. The only news we could get from outside that area—there was no phone contact—was the BBC at night-time. In the past it would have been Radio Australia. When I was in the Solomons, we listened to Radio Australia at night. Now all they can have is Radio Australia rebroadcast from Solomon Islands radio transmitters—for some of it. This is quite a large ask, but the Cox Peninsula radio transmitter ought to be regained by the government and used. We have other security concerns that it is important for, not just for the Pacific.

I think our priorities in aid need to be less on tied aid. Perhaps we can talk about some examples of that. Australia is one of the wealthiest countries in our region. I had put in my submission that we were spending 0.29 per cent of our GDP on aid. In the last budget it went down to 0.25 per cent. The value may have gone up—perhaps our GDP went up. We ought to try and increase it by steps. I think preference should be given to the least developed countries in our region.

The Solomon Islands is a special case. In Solomon Islands dollars, its debt now stands at \$2 billion. The repayment on that debt is more than its recurrent income, yet its recurrent income is now less than its recurrent expenditure. It was not until I looked at the department of foreign affairs figures that I realised that this happened in November 2001. So, regarding all the stories

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we have been getting about teachers, nurses and policeman not being paid, I do not know how they were being paid in the last two years, because this has been going on for a year or more now.

Since that debt cannot be repaid, I am suggesting that Australia use its influence with the monetary bodies to which the Solomon Islands owes that debt—I understand that the Solomons is not in debt to Australia; it has other international loans—to get that debt remitted and that safeguards then be installed to make sure the money does not leak. That means attitude changes in donors, trading companies, government officials and their relatives. Civil society and churches could help. But I think we all realise that, although the churches may say they are strong, how deep are the values when people can kill and torture each other, cheat, thief and whatever? The values have to be worked on, but civil society and churches together could help. You need enforceable legal penalties, and that is a problem too. I think Australia has given some help on this. They set up funds for the health sector in the Solomons through a trust fund. I think that established a precedent that could be used. New Zealand has done the same. It set up money for education, put the money into the school bank accounts and sidetracked government.

There are some other suggestions there. Land and environment and land registration is a real problem in Melanesia. I think Australia should not try and fund it at this stage. You are going to get a lot of trouble in PNG and the Solomons if that is pushed. Developers and multinationals want to push it but the people do not.

Australia has done some very good things. Australian Volunteers International—or Australian Volunteers Abroad, as they were—have been very good news throughout the Pacific. We ought to be proud of what they have done. Some NGO groups like APACE, Appropriate Technology for Community and Environment, have done some very good work in the Solomons, but funding for APACE was cut. I thought that was a pity.

In my submission, I gave the European Union brownie points. I thought they were doing very well, but I am not sure now because they are also putting conditions on. The Solomon Islands College of Higher Education is the tertiary in-country college and the EU decided to help out four of the schools but not in the areas of natural resources, business and finance, trade skills and culture. They said they did not think the country needed it. That is an area in which Australia has supported the college and funded both people and infrastructure, and it is a pity to lose it.

Poverty, lack of opportunity and boredom lead to crime. They tell me that the rascal gangs in New Guinea are often headed by university graduates who are unemployed. I think that is going to happen again in the Solomons when they cut off higher opportunities. There are already well-organised smuggling routes for wildlife, drugs and guns. They were well honed during the Bougainville crisis. I think our preoccupation now with fighting a traditional war has left us wide open on our northern and eastern coastlines.

So I recommend—and I am sure that this has not gone unnoticed with some areas—that surveillance and law enforcement on those coasts are important. An example of that would be strengthening the powers of the police to investigate yachts, because I suspect that is where a lot of the hand guns are coming from. I certainly know that is where some of the other guns came through the Solomons. But poverty reduction in our neighbouring countries is probably our best security and theirs.

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I do think Australia's role in the Solomons is being eclipsed by other countries, especially Japan, Taiwan and the EU. Taiwan is a maverick. No-one seems to know how much aid they have given but, if in fact the Solomons has been living beyond its income for two years, I suggest that Taiwan has given them the shortfall. Accountability has not been required of that money; there are favours returned, such as the waste. They were going to pay the Solomons for taking millions of tonnes of waste. The people objected, environment groups objected. I thought it was dioxin, an industrial waste; people guessed it was not the humus that they said it was, but according to a friend of mine, a Taiwanese person, it is nuclear waste. That has implications for our fisheries. We have not done the research on where contamination in the sea goes to. They were going to put it in Makiran Swamps, and from there it would have gone into the sea and into the food chains.

**CHAIR**—A question comes to mind from your presentation—and this point stands out in your submission too. Would it be too strong to describe the untied, untransparent 'aid' given by Taiwan as simply a bribe for later favours? Is that too strong or is that just pithy Australian expression?

**Dr Kinne**—That is the way I would see it. The more I did of the submission and the more properly I looked at the newspapers and the SIBC reports and the more I asked: 'Who is going to gain from this country going to the wall?'—the fishing industry has failed; every industry has failed—somehow or other Taiwan was in the background. It was in the background in the copra industry; it was in the background in the palm oil industry. Perhaps it was in the background waiting to pick them up—but I cannot find any data. I do not know whether data exists. If I had had time, I could have gone through all the press releases and added up what they said they had given, but I did not.

**CHAIR**—That is something that I think we should look at.

**Dr Kinne**—A friend kindly gave me the CIA report on the Solomons, which I found interesting, and it listed the donors for the Solomons as Japan, Australia, China and New Zealand. Mainland China does not give aid at all to the Solomons; it does give aid to New Guinea.

**CHAIR**—The CIA may describe Taiwan as China.

**Dr Kinne**—Yes, they might. No figures were given. I suspect that Taiwan has eclipsed Australia in volume and perhaps in clout—unwisely, because they have not required accountability and a lot of that money has leaked. That is probably all I want to say, unless you would like to ask questions.

**CHAIR**—We will invite Dr Leavey to make an opening statement at this stage as well, and then we can ask you both questions.

**Dr Leavey**—I am also a Dominican sister. I have written my report independently of Rose Kinne. My background is in research and, because I had been doing research on what happens to deportees from our detention camps in Australia, I had some background in this. I have a fairly simple thesis that, despite some good work in the past, Australia is no longer a good international citizen or a good neighbour in the Pacific—where to be a good neighbour is very important—because of three things. These are our treatment of refugees generally, our use of

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the Pacific solution, and our environment policies and practices, which endanger vulnerable Pacific regions.

First, refugees are a global phenomenon and responsibility. Australia's current policy on refugees does not recognise this global phenomenon, nor do we recognise adequately the ethical responsibility this imposes on nation states to uphold universal human rights when people seek asylum. Three facts need to be kept in mind with regard to Australia's policies. First, Australia's official development assistance is at the bottom of the OECD donor countries, at 0.25 per cent of GDP. Second, partly because of our geography, Australia has fewer people seeking asylum than in Africa, Europe, Pakistan, or Iran. Third, proportional to the number of residents we have, we have accepted considerably fewer refugees than other developed countries, despite some government claims to the contrary. For instance, we accept fewer than half the number of refugees that Canada receives.

Most of the refugees coming to Australia in recent times have come from Iraq, Afghanistan, Iran, Sri Lanka and Africa, but there are also very serious asylum seeker issues in the Pacific area as a result of recent civil strife and political upheaval. There are now tens of thousands of refugees and internally displaced people in Bougainville, Solomon Islands, Fiji, West Papua and New Caledonia. The Australian allocation of millions of dollars to relatively few asylum seekers from the Middle East and Central Asia raises questions about Australia's commitment to the Pacific region generally and puts the whole Pacific solution in a stark and unflattering perspective. The various regional groups that James spoke about this morning are very concerned at the meetings they hold about these internal refugees.

Second, there is the impact of Australia's policy on refugee asylum seekers on the Pacific. The Pacific solution, I suggest, has fundamentally changed the way Australia approaches many of our Pacific neighbours—basically, from seeking to help them to solve their problems to using them to solve our problems. This solution undermines human rights and has had and is having negative effects on our relationships with other Pacific states in terms of foreign policy, economic issues and human relations. Our pursuit of self-interest has drawn serious criticism from the UN, our Pacific neighbours and world leaders for the inhumane treatment of desperate and vulnerable people; for the enormous expense and wanton waste that the solution has involved; and for the imposition of an unjust, draconian detention system on aid-dependent sovereign nations against their own laws. I quote from Bishop Ambrose Kiapseni:

Why are we keeping people innocent of any wrong doing in PNG behind barbed wire? Is it because our neighbour and benefactor has asked us to do this thing. Shouldn't our own laws in our own country take precedence over requests from neighbours.

Third, there are our environmental policies and practices. The climate change forecast by the CSIRO in 2001—and matched by the prestigious Intergovernmental Panel on Climate Change, commonly called the IPCC, a UN body that brings together hundreds of the world's leading climate scientists and the most authoritative source of information on the likely impacts of climate change—predicts a gloomy future. The third IPCC assessment report, recently released, paints an alarming picture, especially for developing countries. Australia, with the highest per capita use of fossil fuel in the world, is impacting heavily on poorer countries. The Pacific islands are vulnerable and could well see Australia's stance on climate change, along with the Pacific solution, as evidence of Australia's high-handed disregard of other nations' legitimate rights and needs. In coming decades, climate change and environmental degradation are expected to force many people in developing countries to move out of their homelands and, in

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contrast to the trickle of asylum seekers now being turned away, it is likely that the future will see many environmental refugees seeking entry to Australia.

As well as land loss, there are concomitant health risks. The IPCC experts generally agree that most of the impacts of climate change on health are likely to be adverse, and they give some detail. Australia needs to understand quite quickly that signing the Kyoto protocol is in our best interests, not only environmentally but also economically in the new business world of clean technology where there are great opportunities and Australia has great resources. In fact, many state governments and business leaders have already recognised this and are now pursuing these new options and leaving the federal government lagging.

Ultimately, as the philosophers say, the true quality of a society can be measured by its treatment of vulnerable minorities. In Australia today, the absence of moral leadership in the political sphere and the lack of accountability and transparency in some government policy and practice on asylum seekers and the environment augur ill for our future as a civilised, democratic nation. Fortunately, there are some—and perhaps in increasing numbers—well-informed gadflies among Australians who oppose the government's current policies and provide evidence that things could be different.

**Senator SANDY MACDONALD**—Dr Kinne, in your submission on page 7 you state that the perception of Australian aid in the Solomon Islands was that it was increasingly for the benefit of Australia. Can you give some examples of that?

**Dr Kinne**—From my own experience, we got a grant from the Australians to help us set up a forestry training institute on Poitete. We were given the cheque and we just had to account for the use of it. We were able to use local plans, local builders, local people. It was very simple, because we also set it up in a forestry area and we used their plans and their buildings, knowing that we were training people basically for forestry anyway.

When it came to the agricultural one, it took us five years; we had not got that grant before I finished there and handed over to my successor. This time it was being contracted out. Various people then appeared to interview me, saying, 'We want to get this project; we want to get the tender for this.' One of them said, 'How do you think so-and-so would go?' I said, 'Well, actually he's been here before. I know he has Solomons experience, but the kind of course he was wanting was too academic.' I explained that. That was all right. That company got the contract and employed the man; within 12 months he had gone home.

There were other areas where they funded a provincial secondary school. All the timber, all the equipment and all the workmen came from Australia. Some of the materials really were not suited. Up there, they were laughing at the tiling on the bathroom. The teacher said, 'No way can you keep these tiles fungus free.' The Solomon Islanders, when they shower, think they are in a river. Water goes everywhere, and you get these lovely growths of moss on things. You need something like cement that you can just do very quickly and cleanly. That is part of it. There are more.

In the latest AusAID report, I noticed that, of the 11 projects—very considerable projects—that are funded for the Solomon Islands, eight are subcontracted. If you subcontract, I know you can say, 'Okay, you've got people with skills who will do it,' but they are going to make a profit too.

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**Senator SANDY MACDONALD**—Are you saying they should not be subcontracted?

**Dr Kinne**—I do not know. I am just saying that maybe they should not be so obviously subcontracted.

**Senator SANDY MACDONALD**—Do the Dominican Sisters work with AusAID?

**Dr Kinne**—No, we have not.

**Senator SANDY MACDONALD**—There is no dialogue between what you do there and what they do there?

**Dr Kinne**—No. I have looked at their reports. We have not been a recipient of AusAID, no.

**Senator SANDY MACDONALD**—I am interested in your comments about Radio Australia. I think all of the committee in one form or another have had that evidence at some stage during their political career. If you are in the Solomons, presumably you can access shortwave coverage of Radio National—apart from the particular Radio Australia commitment to a region. What is available from the point of view of the ABC?

**Dr Kinne**—I could check it out. I am hoping to go there next month, and I will check it out again. My understanding is that, whereas before they were getting a fairly strong signal which they could pick up at night-time, now they do not get a signal strong enough to pick up from Australia itself. They have to get it through the Solomon Islands Broadcasting Commission, which retransmits some programs. I could check that.

**Senator SANDY MACDONALD**—That may or may not transmit it, you say?

**Dr Kinne**—Yes.

**Senator SANDY MACDONALD**—What about BBC World? Can you pick up BBC World?

**Dr Kinne**—I do not know. Certainly BBC World was what someone picked up in the Philippines.

**Senator SANDY MACDONALD**—Thank you both for your submissions. They were interesting.

**CHAIR**—I just want to say that too. You have put quite a lot of work into writing a detailed and voluminous submission. Our ability to conduct these inquiries does depend on agencies like your own coming forward and doing that work. That is very much appreciated, particularly because it springs from a long personal background in the region and therefore has a resonance that stand-off academic studies may not have.

I have gone through in some detail the recommendations both of you have made in the supplementary documents you have provided to us. There is a lot in these recommendations that is in the minds of the committee as well. I will not go through them now because it is too detailed, though I will in a minute when I come back to some of the points that I require a little

elaboration on. Both of you—and this is not just peculiar to this submission—have emphasised the issue of the total level of Australian aid, its decline over the years and the need to provide a graduated formula to increase the total volume of Australian aid. This is a longstanding argument and it will continue to be had for a while yet, I would think. Can you just address us on that subject. Why do you think Australia should lift its level of aid?

**Dr Kinne**—Not only are we seen to be a wealthy country; we are a wealthy country, when we look at our own GDP. Enlightened self-interest, if nothing else, means that our security depends on that of our neighbours. It would be good to say, ‘Wouldn’t it be good to give aid to everybody to get basic health, education and infrastructure functioning?’ That is the idealist one. In terms of the practical politics of it, maybe enlightened self-interest is the way to go—at least to increase it. I noticed in one of the submissions someone said, ‘The department of finance would not be happy about increasing budgets.’

**CHAIR**—It is their job to be unhappy about that.

**Dr Kinne**—That is true. We can find money for going to war, but not for a war against poverty or whatever. I also think it can be wasted if you do not target it properly. I would give two reasons: the idealistic one and the self-interested one.

**CHAIR**—In terms of the weight you put on this recommendation, am I to regard it as one of your key recommendations?

**Dr Leavey**—That Australia should increase its aid to the level suggested by the United Nations?

**CHAIR**—Yes.

**Dr Leavey**—Yes, I think that is the key recommendation. There are arguments against giving aid. In the previous session someone suggested that you should not give aid until there is good governance. You let the institutions decline further and further. When they reach rock bottom there is no assurance that they will ask to get out of the mess and it involves a terrible humanitarian cost. So I would take much the same position as Rose. Also, it is in our interests to give aid to poorer countries, especially if it involves our security and our health. At the same time, there is a social justice thing that the goods of the earth are to be shared. Over the last 200 years, the rich nations of the world have taken more than their share, at the expense of the poorer nations, who are the ones who sustain it. There is a kind of balancing up in the area of justice and human rights.

**Dr Kinne**—I know it is hard. Think about the Lome convention. The European Union is involved. The Lome convention was about getting preferential access to markets for agricultural products in the Pacific and Caribbean. Now it has been replaced with Cotonou. It is now to get free trade conditions, which means the agricultural products from the Pacific will be even more at risk than they are now. Their chances of getting self-sustaining economies are lessening. If we are going to increase our aid, we need to do it in steps. Firstly, you have the political decisions to make about how you do it; secondly, there is the question of how you put in the process mechanisms for making sure it is well done.

**CHAIR**—I think we have covered the point about the total level of aid. Next you say that this region of the world should be a prime focus for Australian aid. I do not think we need to have any further argument on that; that is what this inquiry is about. Why do you think this region, rather than other regions of the world, should be given priority in Australia's aid program?

**Dr Kinne**—They are our closest neighbours. Instability there will affect us. Australia is the logical place for the Solomon Islands trade—for example; 28 per cent of their imports come from here. Traditionally, we have been—in the past, anyway—a good neighbour. We get on well with people there at the volunteer level, at the mateship level. The Solomons used to be a safer country than New Guinea. The way the debt is going and the kind of IMF solutions being put in place are unfortunate. There are only 26,000 wage-earners in the Solomons. You make people redundant, and it hurts. The very few people who are earning wages share them with the relatives. I do not think we understand what a country that is 85 per cent agriculture subsistent is like. Gizo hospital last week told its staff to go home. It cut down services so they could go home and grow food for their families because they had not been paid for three pays. That is why it has not collapsed as we would collapse if we had not been paid for nearly three months. It does not mean that it is a healthy situation for the future. If you can fix the Solomons up, you might have a pattern that might work with New Guinea too, where the problems are bigger and better.

**CHAIR**—The next thing that seems to be common to both your submissions is the suggestion of reducing the emphasis on tied aid and providing more general aid. Can you explain why you take that view?

**Dr Kinne**—I think it needs to be done in partnership more. Things work better if you have a kind of joint partnership. I know you need accountability too. I can give you some stories. We were responsible for doing a certificate course in agriculture. A lot of them were men who had worked as extension officers. They told me stories about some programs the British had put up which did not work. They knew why they did not work. They were going to grow chillies. They forgot that the women in the Solomons harvest the chillies, and the women had their babies on their backs. The chillies got into the women's eyes and their babies' eyes, and that was the end of harvesting chillies. There is a whole series of things that, if there is a good dialogue and real sharing, might work. Perhaps you have to tie it to make sure there is a good partnership there somehow with the people who have the knowledge and the experience.

**Dr Leavey**—Only 45 per cent of aid is tied, though, isn't it?

**Dr Kinne**—Forty-five to 70, depending on which figures—

**Dr Leavey**—Depending on which country you are in. An average is 45 per cent, but for some countries it is higher. But there are some problems with tied aid. Who benefits from the aid? Not the locals themselves—we are using Australian consultants and expertise. The money goes to line the corporation pockets here. We are about profit rather than providing subsistence and aid to countries. What about the use of locals, the use of local expertise, getting a sense of the community base in the Pacific islands and their notions of landownership, face-to-face relationships and these sorts of things? Instead of sending in our experts for a month or two on high salaries, it may be better to work through NGOs who can work on salary levels comparable to those of the locals. That is one of the arguments you certainly hear.

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**CHAIR**—Is that the main concern about tied aid—that tied aid can in certain circumstances be seen to benefit the donor country rather than the recipient country?

**Dr Leavey**—There is no doubt about that. You hear that from people themselves who are involved in it.

**CHAIR**—The other argument about tied aid is that you direct your aid to the most strategically deserving issue, hoping that if you can make a difference there the spill-over effect elsewhere in the economy ripples through to the benefit overall of the country. If you do not do that, maybe the key preconditions for growth and for a better society are not addressed systematically or properly. That is essentially one of the key arguments for tying aid. How do you balance the two?

**Dr Kinne**—I think you need to balance the two. Where a country does not have the personnel and the infrastructure to put a program right through, you may need to subcontract it. But the perception from the other end is, ‘These people have a high salary; we are on a low salary.’ That was the beauty of Australian Volunteers International. They did not just go to NGOs; they went to government departments. They were employed on local salaries. They did have a few other perks that were necessary to keep them at least from being on the poverty line when they came home. That ability to work side by side with people in development is very important. I suspect it is the same in rural areas too—that you do not get good things working in the country if you do not get the local people telling you which is the best time to have a meeting and which is the best thing that will work for their area.

**CHAIR**—Dr Kinne, in your submission, at point 5, you talk about Australia’s role in the Solomon Islands being eclipsed by other countries, especially Japan, Taiwan and the EU. Is that a bad thing in itself?

**Dr Kinne**—No. I just think as an Australian that this is perhaps a pity. It is a lost opportunity, if you like.

**CHAIR**—It seems to me that the subtext of this comment is that all of these nations do not deliver their aid in the same way and so—and these are my words—they are delivering it as they choose but not necessarily as the Solomon Islands needs.

**Dr Kinne**—I think Japan has improved.

**Dr Leavey**—It is not integrated either. The aid offerings of different donor countries are not integrated and so whole areas can be left out.

**CHAIR**—I am casting around here; I am not sure what the view of the committee would be, but is this an argument to say, ‘Look, among donor countries we ought to try and reach an agreement about how best to deliver aid so it does benefit the recipient and not destabilise each other by emphasising different things and creating confusion on the ground’?

**Dr Leavey**—And not compete.

**Dr Kinne**—I think that is happening to some extent. Certainly Australia and New Zealand have done a lot of talking on aid. When a disaster happens, they discuss with each other what they are going to do. I think Japan's aid has improved. They had a volunteer system, for example, for the last 10 years; they had 300 altogether.

**CHAIR**—You say quite a lot about that in your submission.

**Dr Kinne**—It used to be if you wanted the malaria training centre, it came all boxed in containers from Japan and it was not really suited to tropical conditions so it started to peel. Taiwan, to me, is the one who is not playing the game well. When we talk about tied aid, we need to have transparency and some accountability and they are not doing that. They have perhaps got another agenda.

**CHAIR**—Taiwan is the country I asked you about earlier. Is it better to explain their aid as more like bribes for the local community?

**Dr Kinne**—Yes, and maybe that is the way the others would see it.

**Dr Leavey**—It seems to me that we have got a job in Australia to educate ourselves about the Pacific, just for our own geographical reason. Where, once upon a time, we had four schools of Pacific studies in universities, we have now got only one. In school curricula, we learn a lot now about Asia and Asian languages but we learn very little about the Pacific. It seems to me that we have also got a very good case to say it is in our interest to provide the aid because of security and health issues. The AIDS endemic and violence do not have any borders, so it is quite imperative that Australia at least maintains some sense of good relationships, even for its own health and security. It is a very pragmatic argument.

**CHAIR**—But it does have a resonance. One of the things that has consistently come through in almost all of the submissions we have received is—and this is my summary of the point—that in the Pacific islands and Papua New Guinea, people think about Australia and what it does quite often. But in Australia, we do not think about this region hardly at all. As a consequence, views and attitudes are taken of us that we seem to be uncaring, aloof and distant and not connected with their needs and concerns. That is one perceptual point that we could say summarises a range of views that have been put.

The other point, which you emphasised too, is what we should do in Australia to understand this region more and to have a better understanding of what drives it, what its interests are and how we should address ourselves to the problems in that region, and the role of the media in all of that. I hate making recommendations that are as bald as saying, 'We should pay more attention' or 'We should give greater priority to', because those recommendations are the easiest things to say, 'Yes, we've done that because we spent an extra couple of dollars or we did something else.' I am looking for practical things that we can do that will address the problem seriously rather than enable a problem to be shelved but with a cover story of saying, 'Yes, we've done that.' This may be an unfair question without notice—and if it is and you want to take it on notice and come back and provide some more information, please do—but are there practical things that you can think of that we can do in Australia that give real meaning to paying more attention to this area or this region?

**Dr Leavey**—One would be an apology to the governments and the people of PNG and Nauru for the harm we have done there, in the way Helen Clark has apologised to the people of Samoa. That had an enormous effect. That is a simple thing to do. It requires political will, of course.

**CHAIR**—I am not commenting on that view as that is a question for the government—it might also be a question for the Senate. It is something we will take on board in our inquiry.

**Dr Leavey**—Another practical step would be to examine our media. With the images of the Pacific that we present, it is either paradise lost or paradise gained. Perhaps we could be more critical of our media coverage, especially tourism brochures. It seems to me that we could do with a dose of critical thinking about the images of the Pacific that we present.

**Dr Kinne**—I made a practical suggestion about travel alerts in my report. I suggested that, if a travel alert is made, say, in a place like the Solomons, it is made by all the embassies rather than just by Australia. That has been a running concern. I think there is violence there, but it is targeted. The people who get assassinated get assassinated for a particular reason, and if you are not involved, you are all right. The current travel alert for the Solomons is, ‘Don’t go.’ And yet Taiwan has given them \$1 million to launch a tourism program in south Queensland at the moment. Maybe we should look at the travel alerts and modify them. Western Province in the Solomons has said, ‘Well, we’re okay; why are we being handicapped?’

**CHAIR**—That is a hard one.

**Dr Kinne**—I know it is a hard one.

**CHAIR**—The Australian government is accountable to Australian citizens, and it is bound to tell them directly what it thinks is the safety of Australians overseas.

**Dr Leavey**—But you are right to say that we should have more practical suggestions, so if we can work on it we will—

**CHAIR**—You are not obliged to do that, but I have a bit of an aversion simply to making a bald recommendation that we should do more. What constitutes more that is practical, useful and valuable is really the thing I am trying to direct my attention to.

**Dr Leavey**—And accountable.

**CHAIR**—Yes, and you have given us some views, which I appreciate. Dr Kinne, you have extensive experience in the Solomon Islands. In this inquiry we have—speaking for myself—been almost traumatised by the total collapse of the Solomon Islands economy and the consequent rise in poverty and the loss of social infrastructure and so forth that has occurred there. You have made the point repeatedly that, in terms of Australia’s security interests, having a stable, secure and prosperous community in the Solomon Islands is part of the essential prescription for Australia’s regional security. I think that is a point well made. Could you just take a minute or two and give us your most recent experience of what life in the Solomon Islands is like now—a verbal portrait of how things feel on the ground in that society?

**Dr Kinne**—The main problem is the insecurity for those who should have been paid; as I said, the nurses and the teachers have not been paid and are three pays behind. We have been quite concerned about the cash flow for our sisters. They have told us that they got one pay in January and they had not been paid in November. They get paid monthly and so, when they say three pays behind, it is three months behind. It has meant that they have tended to use up any savings or they have been going back to the gardens. The power supply gets cut, and that is because they run out of money to pay for the fuel for the generators. We ended up, after the ethnic tension there, getting computers and email for two places, because the postal system broke down. If the planes do not go, you do not get any mail through. Email was the lifeline in some ways during that time.

As you know, Solomon Airlines is under some sort of cloud at the moment. What the ticket says is one thing but whether I will be able to fly when the ticket says is another. I have had to say, 'Well, try and get me a local one,' but I have had to factor in the possibility that I will get caught. There used to be one plane a week to Nila but sometimes it does not run, so you have to plan on being there for one week or two weeks or more. The people have a great capacity for surviving because they can still go back to the village, do their own fishing, paddle their own canoes and build their own places. But that level of life is not exciting for the ones under 18 and they get restless. The people in the village do not like them being in the village, so they send them off to the three big towns. They are not huge towns but they are big enough to get them out of the way until they get sensible in 10 years time. In that 10 years they can get caught up in a whole lot of antisocial things.

**CHAIR**—We heard evidence about this yesterday with respect to Papua New Guinea. Is it fair to say that, if you look at the statistics of a classical developed economy with respect to the Solomon Islands, you are not actually seeing the true picture because this is in essence what I think you termed an 'affluent subsistence economy'? If the modern economy collapses it will not mean widespread poverty and want, because the subsistence economy is the more serious economy of the place and people can survive at an 'acceptable' or 'reasonable' standard without a modern economy around them—is that fair to say?

**Dr Kinne**—That is the reason they have survived, but survival is not all that life is about. The trouble is that expectations have been raised, particularly for the young people. The type of education that was offered in some of the secondary schools was probably not the kind of education they needed. Agriculture, which is their mainstay, was not given the status and importance it should have been given. To go home to the village and farm was not regarded as the high point in one's life. After they had sown a few wild oats or whatever they often came back and settled into married life in the village, but the ages between 12 and 22 are quite difficult.

**CHAIR**—And a subsistence economy cannot provide the revenue to a government to provide an education and health system either.

**Dr Kinne**—Some people have it down as one per cent arable land. Yes and no, but the arable bits are a patchwork of clearings in the jungle.

**CHAIR**—We have to move on, but do you have a last word, Dr Leavey?

**Dr Leavey**—I think I have said all of my words. Thank you for asking us here.

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**Dr Kinne**—I would be happy to provide more information if needed.

**CHAIR**—Thank you both, and thank you very much for your submission.

[11.54 a.m.]

**TAN, Ms Lee, Co-ordinator, Asia-Pacific Unit, Australian Conservation Foundation**

**BRUNTON, Mr Brian, Alotau Environment Ltd**

**CHAIR**—We now move to submission number 57 from the Australian Conservation Foundation. The verbal submission will be taken via telephone. Welcome, Ms Tan.

**Ms Tan**—In our submission we have highlighted the importance of Papua New Guinea and the Pacific islands to Australia. In particular, we raise the issue of environmental security. We discuss and provide quite a few case studies highlighting the risk and threat imposed by security issues for Australia in relation to environmental degradation and uncontrolled resource exploitation. We have done that quite extensively in the submission. Today, in this office here in Alotau, I have Brian Brunton from Alotau Environment Ltd with me. Alotau Environment Ltd is one of the NGOs in Papua New Guinea that has endorsed the ACF submission, and Brian will have a lot more information to add to this hearing.

We raise two broad issues today, particularly in relation to Papua New Guinea. As I am here in PNG and am actively working with the NGOs here, and as PNG is a major aid recipient of Australian development dollars and also geographically closest to Australia, the ACF felt that this was an important area to focus on. The two issues which we raise today relate to governance, particularly in the forestry sector. We will touch on the current World Bank Forest and Conservation Project, with which we believe AusAID is contributing to the Mama Graun trust fund. We will also touch further on the Australian development program in Papua New Guinea, particularly in relation to the incentive fund.

AusAID, the World Bank and also to some degree, I think, DFAT have acknowledged that Papua New Guinea's governance is particularly poor. We would like to talk about that further in relation to corruption, particularly in the forestry sector. I have highlighted in the submission the governance failure in relation to the Ok Tedi mine, where the government of Papua New Guinea is a shareholder, the regulator and the tax collector. The result of that is an environmental and social disaster because of conflicts of interest. At this point I will get Brian to talk a bit more about the Forest and Conservation Project, where it is up to and what bearing it will have on Australia should this project fail.

**CHAIR**—Welcome, Mr Brunton. Do you have any comments to make on the capacity in which you appear?

**Mr Brunton**—I am a citizen of Papua New Guinea. At various times, I have been Dean of the Faculty of Law at the University of Papua New Guinea, a judge of the National Court and Chairman of the Law Reform Commission. For the past 10 years I have been working with small legal groups in non-government organisations, defending environmental and human rights.

**CHAIR**—Would you like to make an opening statement?

**Mr Brunton**—It is our opinion that the Australian taxpayer, as they did in East Timor, will have to pick up the costs of deteriorating governance and destabilisation in Papua New Guinea. The key issue with deteriorating governance and destabilisation is corruption in logging. We think that the reason for this is quite key. The World Bank have a major forest and conservation project loan, which has just started, controversially, here in Papua New Guinea. It is our opinion that that loan will collapse because the World Bank will walk away from it. Current investigations by the World Bank are revealing a corrupt situation. We think that the World Bank's response to that will be that the government of Papua New Guinea will have to institute a commission of inquiry, which is the equivalent of a royal commission in Australia. We think that the Papua New Guinea government will reject that because that will touch too many cronies, essentially, at the top. The World Bank will then walk away from the forest and conservation project.

If the World Bank walk away from the forest and conservation project, which will be a decision at World Bank board level, the next issue becomes the extent to which the World Bank will have anything to do with Papua New Guinea. That raises major macroeconomic issues within Papua New Guinea. It also raises major issues about Australia's relationship with Papua New Guinea because, as the shadow foreign minister recently said, Papua New Guinea is probably amongst the basketful of problems that face Australia in its immediate neighbourhood. Papua New Guinea is the biggest in the basket, so to speak. So we think this is a very dangerous situation because there is a lack of understanding in the Australian bureaucracy—and, to a certain extent, in the polity, too—about the level of penetration of corruption inside the Papua New Guinea government structures and its association with the logging industry. That, in essence, is the message we wanted to try to get across to you.

**CHAIR**—One of the submissions we got in Brisbane yesterday argued, from the point of view of justice and policing, that the issue was that the elites in Papua New Guinea—I cannot quote this, because it is not before me, but I am trying to paraphrase it accurately—to a considerable extent indulge in corrupt practices, are understood to be indulging in those practices and are seen by the rest of the population to be doing so, but are almost exempted from law enforcement, and nothing much is done about it—they get away with it. But the police crack down on everyone else, and the double standard means that there is contempt for law and order. Given your judicial background, is there any comment you can make about that point of view?

**Mr Brunton**—I think that is a reasonably succinct view, yes. I would endorse that position. It becomes very difficult to deal with essentially the poorest people and the most dispossessed people in a just manner when the elites are getting away with it, and getting away with it in public. This is part and parcel of the destabilisation issue.

**CHAIR**—As a general proposition it has a certain sort of colour and attraction, but can you give us a degree of proportionality? How endemic is the issue in your view?

**Mr Brunton**—It informs many of the major decisions that are being made by a core group in the Papua New Guinea cabinet. It is quite strategic in the sense that because of this link with the World Bank and because of the link with Papua New Guinea's international credit rating it is extremely dangerous. The consultants who are working with the World Bank are, in our opinion, browned off with what is going on. They are likely to put in a whole series of adverse reports. That will get the backs up of the elites who are benefiting from this corruption and

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things will go from bad to worse. In other words, what you have seen in Bougainville and to a lesser extent in the Solomon Islands is capable of replicating itself in Papua New Guinea but on a much bigger scale. And you have got to remember Papua New Guinea has got a population of five million plus, whereas you are dealing with roughly a million people over in East Timor. So the economic ramifications of that, particularly into the public purse in Australia, are likely to be considerable. Of course there is a huge amount of private investment here in Papua New Guinea as well and a lot of that money has already fled the country. Most people who have got money in Papua New Guinea, most Australians who have got ready cash in Papua New Guinea, got it out a long time ago. They monitor their cash flows back into the country very tightly and only bring in enough to pay current bills.

**CHAIR**—Is it your submission that this level of corruption is sharper in the forestry industry or are you just using that as an illustration of the problem?

**Mr Brunton**—It has been fairly clear that there are major problems in the financial sectors. The World Bank insisted upon a series of reforms in the financial sectors. There is a current commission of inquiry going on into the privatisation of the equivalent of the Commonwealth Bank of Australia in Papua New Guinea. That has just been privatised and there is a series of major questions as to whether that was done properly and whether there were any dirty deals. There is a lot of very interesting evidence coming out of that. So the financial sector is one big area. Another big area where there is lots of under-the-table payments is the construction industry. The logging industry is probably the most socially destructive in the sense that it is the industry which provides the quickest amount of bucks to the public officials and the politicians who are in positions of power. It also is going to have the worst effect in the long term because it destabilises local communities and it has a very unsettling effect in the rural areas. It breeds this cynicism about governance that pretty well pervades the whole country. As your previous witnesses have said, the elites are getting away with it but the poor street boys are suffering.

**CHAIR**—Papua New Guinea is a sovereign nation and a democracy. We are a neighbour. What can we do about all of that that does not intrude on the sovereignty and national standing of PNG?

**Mr Brunton**—I think the first thing you have to do is inform your taxpayers and your constituencies of the real crisis situation that we have up here.

**CHAIR**—Yesterday in Brisbane, one of the academics appearing before us read an editorial from, I think, a Cairns newspaper which referred to things such as ‘rampant corruption’ and so forth in PNG. The editorial went on to say that not one extra dollar of Australian taxpayers’ money should go in aid until the place sorts itself out. They said that we should not pour money into a basket case and that it is up to this country to sort itself out and get itself straightened up and fly right and then we might consider it, but otherwise we are just wasting our time and wasting our money. That is a possible reaction, is it not, to what you are saying—that it is possible to conceive that Australian taxpayers will say that it is a lost cause and therefore we should not bother?

**Mr Brunton**—I think this is a matter of the way in which Australian leadership deals with its own constituencies. We are not about to tell you how to suck eggs, in the same way as we would be very wary if you tried to tell us. There are three guiding principles which NGOs like ourselves operate on. The first principle that we operate on is to protect the environment and the

local communities, and that, really, is to stop the expansion of industrial logging and re-establish control. The second principle is to clean up the mess that has already occurred, and that is to insist on independent evaluations of the social and biological impacts of these resource problems. The third principle is to ensure sustainable livelihoods for local communities here through informed consent, making sure that the communities really understand what is happening, and through promoting community autonomy—that is, to put the future back into the hands of the local people.

What you have to understand about Papua New Guinea is that it is really the reverse of Australia. Ninety-seven per cent of the people actually own the land in this country. The whole colonial and neo-colonial process has been about how to get the land off them and how to misuse their resources. What we are working for is to establish the autonomy of those communities to make sure that they do have informed consent and to make sure that they can keep their sustainable livelihoods. Remember, there are no social services in Papua New Guinea. If you get sick in Papua New Guinea, you go back to the village. If you get AIDS in Papua New Guinea, you go back to the village and die. The villages and the communities keep this country together.

**Senator MARSHALL**—To actually do those things, don't we need a government committed to substantial reform? What should be Australia's strategy when confronted with governments that have a lack of commitment to such reform, especially around the areas of applying the rule of law, implementing good governance procedures, and accountability?

**Mr Brunton**—I do not think I can tell you what to do in those situations. You are people with experience. You know how to deal with corrupt elements in your own country. There are certain devices and strategies that you have adopted. You all have your own view on how to deal with people who either are thought to be corrupt or have actually been proven to be corrupt. This is not a matter for us to lecture the Australian public on; this is a matter for the Australian public and their leaders to contemplate and to work out for themselves.

**CHAIR**—Ms Tan, do you have any other speakers that you want to introduce into this discussion at this point?

**Ms Tan**—Yes. As an Australian NGO, we are very concerned that there may be a lack of transparency and accountability. In relation to practices on the ground here, it is evident in Papua New Guinea that, with respect to aid, there have been very few positive outcomes. I am not going to quote statistics on all the negative indicators. I think Klaus Rohland did that a while back.

So in that regard we have to relook at the way we distribute our aid dollar in countries like Papua New Guinea. There are some principles which ACF believes the government has not looked into or adhered to in the past. It is an area which probably needs serious consideration at this time. We want to move on to the next issue about the Development Corporation program. There is clear evidence at this point in time where we are witnessing the incentive funds being spent for projects which we do not believe to be delivering the desired outcome of poverty reduction in Papua New Guinea. I will hand over to Brian because he knows the story on this better than I do.

**CHAIR**—Please proceed, Brian.

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**Mr Brunton**—The two largest incentive fund payments have actually gone to the oil palm industry. The environmental NGOs regard oil palm as essentially a form of environmental destruction and social disturbance. \$A9 million went to subsidise the Commonwealth Development Corporation over a road network in the Popondetta area and \$A2 million went to subsidise a Malaysian company, Kulim, to build a bridge in a west New Britain oil palm estate area. We think that is somewhat dubious in the sense that \$A11 million is a lot of money, certainly in our neck of the woods, and that there are other areas in which that money would be appreciated. What you have to understand is that the current government of Papua New Guinea has just given the oil companies and the mining companies a huge bonus through its budget process, essentially tax breaks, and has thrown the weight of the tax burden back onto the ordinary Papua New Guinean by imposing school fees. Many communities are in absolute chaos right at this moment because they are scratching for money to pay school fees. We would call for a greater amount of circumspection with the processes that give out money to big corporations, and the oil palm subsidies—and that is what we think they are—are a case in point.

**CHAIR**—Does that conclude your remarks in support of your submission?

**Ms Tan**—I would like to add one or two things in relation to our Development Corporation program, particularly in the forestry sector, for example. AusAID has been involved in the forestry sector reform for over a decade now through the so-called NFCAP program of institutional strengthening. Australia has in fact participated a lot in institutional strengthening of the various departments in Papua New Guinea, whether in the forestry sector or in other sectors, but I will just comment on the forestry sector. Very often this kind of institutional strengthening is very much to support industrial logging, and I think that point has been highlighted in our submission. Brian earlier mentioned informed consent from local communities. In a country like Papua New Guinea, where the land tenure system is completely different from Australia, that cannot be ignored. I think for any reform program to work for this country that principle of informed consent from landowners is absolutely vital. That is one issue which ACF would like the Senate committee to note as part of its recommendations for this inquiry.

In addition, we would highly recommend that this committee suggest to the Parliament of Australia that they have a fact-finding mission to Papua New Guinea and other Pacific island countries to further investigate issues that have arisen from this inquiry. In particular, they need to speak with civil society groups that work closely with local communities who have been dealing with such issues for decades, many of whom have a lot of suggestions and strategies as to how the situation can be dealt with more effectively in their respective countries.

**CHAIR**—Firstly, on the question of illegal logging in Papua New Guinea: in the light of the failure of the Barnett inquiry in 1987 and the Forest Act in 1991—I am looking for practical ideas here—in what way you do suggest AusAID should enhance the capacity of PNG to actively participate in the institutions of governance?

**Ms Tan**—I commented earlier on the land tenure system and the issue of informed consent. Also, in the forestry act there is a requirement that landowners' consent be given for any logging project. However, in the situation of Papua New Guinea, there are loopholes, and ways and means, by which corrupt and greedy individuals from the community and also from the government have managed to fight that particular requirement and allow many of the illegal

logging operations to happen. Clearly, that has not worked. I think that, for it to work, landowners need to have access to more information about logging, acts of parliament and their rights under the constitution of PNG, which to date many people in the rural areas still have no access to. So, until those fundamental issues are dealt with, I do not think any institutional reform will amount to any positive outcome.

**CHAIR**—Yesterday a submission was put to us that the Australian government should ban the consumption or import into Australia of any timbers illegally logged in PNG. Do you have a view about that concept?

**Mr Brunton**—Yes. Again, I would like to put it in the context of what we do in our own country. In essence, in our own country we advocate stopping the expansion of industrial logging until such time as we are able to establish control over it. There is no control over it; it is a runaway train. As to how the Australian people and the Australian government can respond to that situation, I think you need to inform yourselves. We have also demanded independent evaluation of the social and biological impacts of industrial logging. That is the domestic demand we are making. Again, I think that whether the Australian government and the Australian people take on board that demand is a matter you will have to put your minds to. We demand that we ensure the integrity of local communities through informed consent, and through supporting community autonomy to ensure that they have sustainable livelihoods. These people actually feed themselves. If we put in misplaced social engineering and deconstruct something they have built over 50,000 years, we will have to pay the price for that. That is what we think is going on here.

So there are three things: one, protect the environment, stop expansion of the industrial logging until we have it under control and clean up the mess; two, independently evaluate social and biological impacts; and three, ensure sustainable livelihoods. They are what we tell ourselves. That is what we try to tell our own government, but our government does not listen to us. The fortunate thing is that our government does listen to Canberra. This is one of the reasons why we are on this link-up. They will not listen to us but they sure as heck will listen to you.

**CHAIR**—In your submission you recommend that Australia should commit to the establishment of an independent anticorruption commission and an independent human rights commission in PNG. Last week the government released its white paper on foreign affairs and trade, and in part it said:

Papua New Guinea will look to Australia to help keep poverty and lawlessness in check. The onus for meeting these challenges will lie with independent Papua New Guinea; Australia can—and will—play a supportive role.

That is the policy stance of the government. What does the ACF think is the best way of promoting or installing an anticorruption commission and an independent human rights commission in PNG?

**Ms Tan**—That was a recommendation suggested by our PNG counterparts. In the past that recommendation was put forward because of the experience with the Ombudsman Commission. A commission was established with AusAID money—Australia aid dollars—but had no power to enforce change in light of the findings of their investigations. So I guess that was a lesson learnt from other countries where they have seen such commissions having power to act in relation to corruption. I think it goes both ways. For us in Australia, it helps to ensure that

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taxpayers' money is appropriately spent in Papua New Guinea for the stated objectives of AusAID and the Australian government.

**CHAIR**—Also in the white paper out last week, the government said that Australia's:

... ability to work with or influence governments which lack a commitment to reform is limited.

I am not sure whether that is directed at any particular government; I think it is an observation in general. Do you have any comment with respect to PNG as to the Australian government's strategy for promoting reform in that country?

**Ms Tan**—I have no strong comment except that ACF is very concerned about the case of the World Bank Inspection Panel situation, where NGOs in Papua New Guinea are asking the World Bank to suspend the release of the final tranche of their payment to the PNG government. However, we received information from executive directors from other countries that Foreign Affairs has lobbied very strongly for the loan payments to go ahead. I think that directly undermined the efforts of the civil society groups in PNG to address issues of corruption and governance problems in this country.

**CHAIR**—Recently, there has been criticism of initial preparedness and response times to disasters like Cyclone Zoe and Cyclone Ami. That has led to some debate in Australia about the need for Australia to take a lead in establishing a regional disaster management centre, the purpose of which would be to keep abreast of weather developments, predict the likelihood of cyclones and other natural disasters and help coordinate information and relief needs when disasters occur. Does the ACF have any view about that proposal?

**Ms Tan**—While ACF agree that such a proposal is necessary for emergency and disaster response, we think that it is not enough to address issues of this kind—what we believe to be climate change induced disaster. It would be much more strategic for Australia to also ratify the Kyoto protocol to make sure that we are actively participating in reducing greenhouse gas emission and to reduce the impact of climate change on Pacific island states, particularly the small island states in our region.

**CHAIR**—You have a lot in your submission on that subject so I understand your point. I want to go to nuclear issues in the Pacific. On page 19 of your submission you recommend that Australia should fully meet all its obligations under the Nuclear Non-Proliferation Treaty. For the record, can you tell us where you believe Australia is not meeting its obligations under that treaty?

**Ms Tan**—Not being the nuclear campaigner of ACF, I am limited in my ability to answer the question. But ACF is happy to follow this up and I will liaise with our nuclear campaigner as soon as I return to Melbourne.

**CHAIR**—In your view, what has Australia's refusal to recognise the potential need to accept environmental refugees from at risk atoll island states done to Australia's reputation in the region? For example, pages 13 and 14 of your submission relate to Tuvalu on this question.

**Ms Tan**—I guess being a powerful country in this region, we will be shown up to be a weak leader in that New Zealand has already agreed to take in environmental refugees from climate

change related situations. We have strongly outlined in our submission our view on this issue and I do not think we need to say anything further on this case.

**CHAIR**—Can you outline the link the ACF makes between environmental factors and security issues for the region? If you can give some examples of how those two interplay, I would appreciate that.

**Ms Tan**—Earlier we talked a lot about rural livelihood. Some people might have spoken about security and so forth. What ACF is trying to highlight through this submission is the kind of conflict and security threat that is different from the conventional militaristic sense. Because of the strong connection between land, people and the natural environment in this region, the land and integrity of the environment are basically the social security system for people in this region. If the environment is not being looked after, then the security of the local people will be at risk, or under threat. In some cases, this has already happened. In Bougainville and the Solomon Islands a lot of the conflict that has arisen in the past is directly related to either environmental degradation or unsustainable resource utilisation. We are trying to get Australian governance to recognise that in this region closer to home we should not look at security in the narrow sense of militaristic security but in the context of our region.

**CHAIR**—Thank you very much for your submission. Thank you for taking the time to make yourselves available for this inquiry and for your answers to our questions.

**Proceedings suspended from 12.35 p.m. to 1.35 p.m.**

**CAMPBELL, Mr Stephen, Forests Team Leader, Greenpeace Australia Pacific**

**RATTENBURY, Mr Shane, Political Liaison Officer, Greenpeace Australia Pacific**

**CHAIR**—Welcome. I now invite you to speak to your submission, and then we will follow with some questions. I have to step out for a few minutes, so Senator Macdonald will take the chair. I hope to be back very soon. Please proceed.

**Mr Rattenbury**—Thank you for the opportunity to speak with you today. You have obviously seen our submission. I want to start by painting a bit of a snapshot of Greenpeace's operations in this region. We have staff in Papua New Guinea, in Suva and in the Solomon Islands. We have had quite a history of experience working in the Pacific region, from campaigning against French nuclear testing—which I suspect was our most high-profile work in the region—right through to trying to deal with chemical stockpiles left over from the wars and from companies operating there. Most recently, of primary focus for us has been our work on forests in the Melanesian region.

As you will have seen from our submission, the essence of our focus is that Australia is a very significant player in this region. I think that has come out clearly, from my observation of the committee hearings so far. However, we are not convinced that Australia is using that influence and power to the best outcomes for particularly the Pacific region but also for Australia's place in that region. We believe that many of the nations of the Pacific are highly vulnerable. They are vulnerable because they are microeconomies in a global and fast-moving world. They are vulnerable simply as developing countries and they are vulnerable to environmental threats and changes, particularly the low-lying atolls. We believe that Australia can play a strong role in alleviating this vulnerability. The thing we would like the committee to take on board is that Australia needs to work to ensure that the development of these countries is done in a truly sustainable way, and that is economic sustainability, social sustainability and environmental sustainability. We believe that, at the moment, many of Australia's policy positions and the type of aid it delivers into this region are not delivering those outcomes.

In our submission we cite a number of case studies. We have identified the issue of nuclear shipments through the region. We spoke particularly—and I would like to perhaps dwell on this for a moment—about the application of incineration technology in the Pacific region. It seems like a very finite example, but I think it is quite illustrative of some of the ways that Australian policy operates in the region. In 1997, AusAID recognised the problem of stockpiles of old chemicals that are lying around in many of the Pacific island countries. A good project was started where an audit was undertaken, the stockpiles were identified and an assessment was undertaken of what was there. So the first step of the problem was resolved in the sense that we actually knew the true and full picture of what was going on.

Then came the time to actually deal with those chemical stockpiles. AusAID recommended that those stockpiles be incinerated. We were quite taken aback by this for two reasons. Firstly, that sort of technology is simply no longer used in Australia. It is considered environmentally unacceptable because of the chemical hazards that incineration presents. So we were quite startled to see that AusAID would be doing this. The second problem is that it is in breach of the Stockholm Convention, to which Australia has recently signed although not ratified. Here we

saw a practice whereby Australia was essentially foisting off second-hand dirty technology into the region, when at home, if you take the example of Homebush Bay for the Sydney Olympics, that type of technology was completely rejected as environmentally unacceptable and also unacceptable in terms of human health. That is one small example of where we think Australia's policies are not contributing terribly well to the sustainability of the region, and it presents real question marks about Australia's motives for what it does in the region.

In our submission we also made a number of reasonably specific recommendations. I know that the committee has been seeking in its deliberations some concrete ideas, and we would be happy to come back and discuss those in more detail. I would now like to pass to my colleague to make a few further introductory comments.

**Mr Campbell**—I would like to talk about two issues this morning. Firstly, I will briefly refer to the nuclear question and then I would like to talk more broadly about the forests issue in Papua New Guinea. On the nuclear issue, which is a very specific example of Australian policy and how Australian policy is viewed in the Pacific: Australia is a nuclear shipping state, in the sense that we export uranium to Japan and other countries. We provide about 25 per cent of Japan's uranium needs. We also ship nuclear waste from the reactor at Lucas Heights, and we are expecting returns of that waste from France at some stage. All of these shipments pass through the Pacific region.

For years, Pacific island countries who have had a long history of dealing with the impacts of radiation and radiological threat have been protesting against these shipments passing through the region, particularly through the mechanism of the Pacific Island Forum. Australia has continued to move that material through this region. Last year the Pacific Island Forum passed explicit language in their communique opposing nuclear shipments from transiting the Pacific. For the first time in 33 years the communique language explicitly mentioned one member of the forum and explicitly excluded one member of the forum from that provision in the communique, and that was of course Australia, which did not accede to that part of the communique.

This is a clear example of where Australia is out of step with the Pacific island nations. Another example is the upcoming compensation and liability discussions that will be occurring, I believe, this weekend in Nadi in Fiji. Australia, as the loan member of the Pacific Island Forum who supports nuclear shipments through this region, has always tried to undermine the Pacific's position on this issue and to undermine Pacific opposition to the shipments. This became a huge issue at the Pacific Island Forum last year. I think from the perspective of the Pacific many of the countries in this region see Australia as being out of step on this issue and as being somewhat arrogant and neo-colonialist in their view in relation to the nuclear question.

In relation to forests, Greenpeace Australia Pacific has been working in Melanesia for 10 years to save the last remaining rainforests in this region. We are home to the third largest rainforest region in the world, after the Amazon and the Congo. Australia's relationship with Papua New Guinea at this stage does not actually do enough to deal with the corruption that is going on in the forest sector, particularly in Papua New Guinea, or the promotion of ecologically sustainable development. I would draw your attention to some of the recommendations that we have made in our executive summary on this question. We are quite specific about some of the outcomes that we recommend the committee try to implement.

The recommendations include that, in giving aid to PNG, Australia must seek to counter corrupt government practices, particularly those in the forest sector; Australia must promote governance reform and conservation of resources; and, particularly in PNG, emphasis must be placed on building and maintaining institutions of trust and transparency—and we particularly note the construction of an independent commission against corruption, additional capacity in the Ombudsman Commission dedicated to investigating resource exploitation cases and a strengthened Solicitor-General's Office to deal effectively with corruption and non-compliance in forests and land matters. In addition, specifically in relation to forests, we believe that Australia should place emphasis on projects like eco-forestry when prioritising development support, because these support communities.

**ACTING CHAIR (Senator Sandy Macdonald)**—Has the Australian government engaged in cultivating any eco-forestry projects in the Pacific?

**Mr Campbell**—Not that I am aware of.

**Senator MARSHALL**—In terms of those objectives, how do you actually make that happen if the government concerned is not committed to that reform process and strengthening the institutions and removing corruption?

**Mr Campbell**—On the face of it, the government has said that it is anti corruption and interested in—

**Senator MARSHALL**—I think all governments say that.

**Mr Campbell**—Of course they do. I think it is a matter of engaging with them very closely and working through the issues to come to arrangements whereby those sorts of institutions can be built. It may be that you would think about putting conditionalities on loans. I am not sure what your position is in that regard. I think ongoing debate and negotiation with them is hugely important. I guess it takes political will on both sides to implement structures of this nature. I believe Sir Michael Somare has said recently that he would support the building of an ICAC type body in PNG, and I think that is a good step and it should be supported. It is one place where the Australian government could engage. I know that there are issues around the ombudsman's department, for instance, not having enough funding to keep their doors open at times. Those are areas where aid money could be put to enable those sorts of institutions to keep their doors open and to keep them functioning. Maybe it would be better to put more aid into those institutions rather than into some of the projects on the ground. I do not know; I am simply suggesting that that is a discussion for the Australian government and the PNG government, but it is one that has to be entered into.

Today I want to brief you on one clear example where corruption has been a huge issue and has had a major impact on the forests in Papua New Guinea. The project that I am referring to is one that we have been campaigning about for the last couple of years in Papua New Guinea. It is a project called the Kiunga Aimbak Road, which is in the western province of PNG. In 1995 a timber permit was issued for the construction of a road. This timber permit was not legally valid according to the independent review team of the World Bank. The landowner company that signed the timber authority was a company called Paise, which is an invalid landowner company. They were in fact half owned by the logging company themselves, Concord Pacific. The landowners, the traditional resource owners, never gave prior informed consent for this

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project to continue. In the time that it has proceeded, the official figures show—and these are not necessarily the real figures—that around \$US60 million of timber has been exported from that particular project.

The key thing to remember is that the authority that was given, invalidly or illegally, was to construct a road. That landowner company of two people straightaway gave a contract to a logging company, Concord Pacific, to clear the road. It is basically a logging concession under the guise of road construction. In fact, part of the road where they have started the project has fallen into disrepair and they are logging at the other end of the road. It is 270 kilometres worth of road and they have just extracted all of that resource and built roads off into the bush as well. There was no valid authority, permit or licence given for this road. There were also development promises made to the people, which remain unfulfilled.

An injunction brought by the National Forest Board to stop the road was stalled in the courts between 1999 and 2002 under a whole range of mysterious circumstances. Various politicians in PNG have made different statements at different times about this road, and I will quote some of them. The former Prime Minister of Papua New Guinea said that the project ‘failed to comply with legal requirements’ and that it should never have been granted. The current Chief Secretary has said, ‘It entails one unscrupulous company apparently illegally securing extensive forest resources’. The secretary of the department of planning has said, ‘Concord Pacific are an unscrupulous company getting away with it and undermining the state, its agents and its citizens.’ This project has gone on now for seven years and it has not been stopped. Yet all of these high-level people in the government have said that there are huge issues and huge questions. The World Bank has questioned it. The government has questioned it. Other bodies have questioned this project, and it still has not been knocked on the head.

**Senator MARSHALL**—Doesn’t that reinforce what I asked you before? If the government is unwilling to reform in terms of transparency, process and corruption, what can we do about it? It is really just an example of the corruption that goes right through the system, isn’t it?

**Mr Campbell**—I do believe that in the Papua New Guinea government and in the parliament there are people who agree with you and me that this is a huge issue and that it needs to be addressed.

**Senator SANDY MACDONALD**—They are probably the few who are not being paid out of the \$60 million.

**Mr Campbell**—Potentially, yes. In late 2002, a crooked deal was hatched between the director of the forest board, David Nelson, and the bogus landowner company, Paise—the effect of which was an out of court settlement to overturn the injunction that had been stalled in the courts for three years. So, in essence, a settlement had been made between the company and the forest board without the authority of the board of the forest board. That meant that the project could continue—in fact, it also contained an agreement to pay a large sum of money to the company in damages. The Chief Secretary of the parliament, in a letter regarding the deed of settlement—that is, the out of court settlement—states that the settlement recognised ‘the Kiunga-Aiambak project as having been deemed legal’ and recognised ‘a phase 2 of the project’—which is about a 640-kilometre extension. It also permits the company to ‘harvest additional areas’ and it allows four kina per cubic metre of ‘royalties to be paid to the supposed landowner company’, and there is a payment to Concord Pacific of up to K150,000 for its court

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expenses in battling the injunction against the forest authority. We have had more statements, and we have had letters from the Chief Secretary and from the Forest Industries Association. I have got those letters here. I can table them so that they are entered into the evidence of the committee. They show that there was political will in the government to do something about this deed of settlement. At least publicly they were saying that they wanted to do something about it, but to date they have not done anything about it.

To sum up, we are saying that, recently, the Prime Minister told Australian investors and journalists that his government had rejected this particular project. The Chief Secretary has explicitly rejected the deed of settlement, and yet its signing last December will allow the illegal logging to continue in this area, despite landowner opposition. Corruption of this nature undermines the stability of the whole country and, in the case of forestry, allows the sell-off of the country's natural resources to benefit foreign logging companies and a handful of officials at the expense of the many Papua New Guineans who depend on them for their livelihood. I reiterate that we recommend that the Australian government place emphasis on building and maintaining institutions of trust and transparency in PNG, including an ICAC, capacity for the Ombudsman Commission to be dedicated to investigating forest cases and a strengthened Solicitor-General's office to deal effectively with corruption and noncompliance on forest and land matters. Australia should also prioritise projects like eco-forestry when allocating development support.

**Senator SANDY MACDONALD**—I notice that you have staff in PNG. How successful have they been in engendering public awareness of this in the country?

**Mr Campbell**—In April last year Greenpeace took direct action in the Western Province with a large load of logs that were coming from the Kiunga Aimbak project down the Fly River. We blocked the loading of those logs onto a transport ship bound for Asia and it became front page news in Papua New Guinea, and the issue of the Kiunga Aimbak project became the key issue at the time. In PNG they also recognise the importance of the Kiunga Aimbak project. I can quote from the letter from the Chief Secretary, where he said that this project has been an 'internationally high-profile case which has long undermined the credibility of the organs of state in Papua New Guinea'. So our work there has thrown a huge spotlight on what is going on both domestically and internationally.

**Mr Rattenbury**—I might add to that as a broader observation that I think there is a frustration amongst the Papua New Guinea population. Certainly in my experience being up there and in speaking with people I have come across this frustration with the corruption and with the failure of elected officials to tackle it. We saw at the election last year, despite the problems with the conduct of the election, that there was a significant turnover of politicians during that electoral cycle and a large number of fresh faces were brought into the parliament. I think there was a real sense amongst the voters of hoping to see some fresh faces. Unfortunately that does not appear to have brought about significant changes in the sense that those who are still in charge have not changed.

**Senator SANDY MACDONALD**—Like all politics, the players change but the stage remains the same. I suspect that is the case whether you have good governments or bad governments. You make the point in your submission that Australia is a significant player and you say that we are not using our power appropriately enough. You do make some concrete suggestions, but the difficulty we face—this point was made this morning by the chairman—is

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that we are dealing with sovereign states and the exercise of power even over states for which our aid dollar is supreme for the management of their economies is exceptionally difficult. If there were easy answers, we would have found them already. Do you have any concrete suggestions, particularly with projects or the management of projects in Papua New Guinea which could be done in different ways?

**Mr Rattenbury**—I could make some general observations about the Pacific and then we might home in on Papua New Guinea. One of the concerns we have is the inconsistency that manifests itself in the way Australia operates in the region. I point to an example by way of solution, I suppose. When Australia came to an arrangement with Nauru last year about the detention centres, ignoring the politics of that issue, part of the compensation package, if you like, was the provision of \$5 million of diesel fuel. I mentioned before that these economies are vulnerable as micro-economies in a global world. We would suggest that, rather than simply providing more diesel to run the generators that were sent from Australia and more fuel to come from Australia, Australia should be investing in, and helping these governments set up, alternative sources of energy so that they are not reliant on diesel imports the entire time. That might be small-scale wind farming, biofuel type facilities on the small islands—there is a host of ideas there. Those sorts of policies would help break the cycle of dependency. I think there is also an irony around Australia providing fossil fuels as a means of aid to countries that are at the frontline of sea level rise and global climate change. I would paint that as a specific solution-based example relating to the question you asked.

**CHAIR**—I think you said ‘specific solution’, not ‘Pacific solution’!

**Mr Rattenbury**—Yes, let the record show that clearly.

**Mr Campbell**—In terms of practical suggestions from the ground projects, I was speaking with one of my colleagues in PNG this morning. She was saying that the perception in PNG is that the money goes in and is paid to Australian consultants to implement projects on the ground which are largely run by Australian companies. There is a feeling that the money does not trickle down or get to rural people, and it does not give them opportunities and options. Forests are one of the key issues because, as was pointed out this morning, the situation in PNG is that the people own 98 per cent of the land and it is held in customary tenure. It is enshrined in the Forestry Act that any timber authority which is issued must have the prior informed consent of the landowners. The fact is that that does not happen. The land is stolen from the people. There is no informed consent, they are not given information, and they are not empowered to make their own decisions—rights which are protected in the Constitution and the Forestry Act.

Australian project money that is going in might be dealing with issues such as eco-forestry or sustainable timber projects. You could have a situation where the money is put in to work very closely with the communities rather than to provide infrastructure that might support the inflow of multinational money from Malaysian logging companies. There is a way of reframing this stuff so it looks at and speaks to the rights of the people—the common and rural people who are being exploited, who are being undermined, who have no say and who have no voice. That kind of capacity building could bring a level of legitimacy to the Australian aid packages. At the same time, it could bring solutions to the issues of governance and corruption, and it could protect the forests and the communities. That would be a great thing.

**Senator MARSHALL**—What are your views on the level of logging that is going on? I think the submissions yesterday said—and I want to be careful not to misquote or misrepresent them—that there is effectively 16 years worth of logging left on PNG at the current rate but, in effect, given the costs of the logging, the quality of the timber and what it is mainly used for now, the market is acting as a disincentive to logging. While this was not their conclusion, it is a conclusion people may come to—that the market itself is going to slow the logging and the depletion of that resource, which, if we accept that, will probably be the first time that the market will save the environment rather than destroy it. What is your view on that?

**Mr Campbell**—I think that the exports of timber from PNG in the last couple of years have dropped and less volume has been leaving the country, but there is a range of reasons for that. One reason has been the fact that there has been a moratorium on the allocation of new concessions in the country for a year or two.

**Senator MARSHALL**—Unless they are roads.

**Mr Campbell**—Exactly. But the allocation of new concessions has not occurred, and the areas that they are in are the depleted ones, so there is not the same amount of resource coming out of those concessions. I think there have also been some issues in terms of competition about the log prices and so forth internationally. There has also been some effective campaigning work in PNG to stop new concessions from being opened up. But our real fear is that we are at a point in history where that could all turn around, because East and West New Britain are gone in terms of the resources there. About 35 per cent of the resource in Western Province is gone. Only a discrete amount there is actually left. The logging companies are very actively trying to have those concessions allocated and to get into the new resource areas. They have a big investment on the ground there. They want to see those areas opened up so they can start servicing the markets that they have. If they thought that the market was dropping out, I do not think they would be so aggressive in the attempts that they are making at the moment to get to the new concession areas. There are a couple of things that are holding the thing in the balance at the moment, but it could just as easily go the other way.

**Senator MARSHALL**—Given that you have said that it is one of the last remaining significant rainforests in the world, what is the general environmental impact of using that resource? If it potentially has 16 years left, what will be the consequences of losing that?

**Mr Campbell**—I believe that six per cent of the world's biodiversity is in that forest. We have to remember that not only the forests and biodiversity will go, but the communities, the culture and so many other things will be lost if the encroachment continues. There are also huge human rights issues in the region which are not being addressed. In terms of impact, there are many issues and they are extremely urgent.

**Senator MARSHALL**—I think the submissions yesterday indicated that, at the current level of logging, there is six years of logging left on the Solomon Islands. Would that be accurate?

**Mr Campbell**—I am not across the Solomons in such detail, but I would not be surprised if that were the case, because it is not a big country and the loggers have been active there for a long time.

**Senator MARSHALL**—What do you know about the storing of nuclear waste from Taiwan in the Solomons?

**Mr Campbell**—I believe there were discussions between the Solomon Islands government and the Taiwanese government. I have not heard anything in recent times about an agreement being closed and that being about to occur, but I know that they were talking.

**Mr Rattenbury**—It does, to an extent, highlight the vulnerability of some of these small states, in the sense that they do have limited income opportunities so, when something such as that comes along, they tend to jump at it quite quickly. There was a known incident last year with, I think, not just nuclear waste but other hazardous waste being imported into the Solomon Islands from Taiwan in contravention of various treaties such as the Basel convention on the transshipment of hazardous waste. That comes back to that point of vulnerability that we made in our submission.

**CHAIR**—Yesterday, in taking evidence on fishing and fish resource management in the Pacific broadly, a couple of points were made that I invite you to comment on. One was that it is necessary to have a stronger and more effectively observed international fishing code for the Pacific which puts to the forefront the interests of the Pacific island countries rather than the interests of international fishing operations. With respect to inshore fishing, the observation was made that, like a lot of developing countries, it is not so much the law of a country that is the problem but the implementation and policing of those laws and, the further you get from the main centres of population, the harder that is. The proposition was put to us that the policy here should be boldly placed and, rather than try and police those inshore fishing codes centrally, that responsibility should be devolved directly to the local communities, and they should be empowered to set and regulate their catch on the basis that they are more likely to be sensitive to the restoration of the supply than someone who is not in the immediate vicinity. Do you have any comment on those propositions?

**Mr Rattenbury**—Certainly. We made specific reference to the international codes—the first point that you mentioned—in our submission. Let me backtrack slightly. The support of fisheries management in the region has been one thing that Australia has worked at quite successfully with the region, and I think Australia's support for the Forum Fisheries Agency has generally been considered a very positive thing. It has been quite effective in setting up a centralised vessel monitoring system, which has been quite effective in dealing with the monitoring and policing of the activities of distant water fishing nations operating in the Pacific. That is a positive observation of where Australia has, in our view, played its role in the Pacific very well. Over the last few years, there have been some quite protracted negotiations on what is colloquially called the MHLIC convention. Its full name is the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean. You can understand why it has a short name.

**CHAIR**—It is basically tuna, isn't it?

**Mr Rattenbury**—Essentially it is the tuna agreement. That was going along quite well and the Pacific states are very keen on it. Unfortunately Japan, as a key distant water fishing nation, has thrown down the gauntlet in the final throes of bringing this convention to agreement and refused to agree to a number of the conditions. We have specifically urged the Australian government to show great solidarity with the Pacific in squeezing the Japanese to come on

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board because, in our view and in the view of the Pacific governments, this has created a fairer allocation system for receiving returns for the removal of those fish stocks.

**CHAIR**—Before you go to the second part of my question, this morning it was asserted in evidence to us that untied aid that was not required to be accounted for from Taiwan and Japan to the Solomon Islands may have been instrumental—I think the assertion was that it was instrumental—in causing the Solomon Islands, as part of the International Whaling Convention, to abstain from the vote that would have been adverse to Japan had it been cast. In essence this assertion is made against the broader background of evidence we have heard that, while the nations of the Pacific might all be vulnerable microeconomies, they all have the same vote as the United States in the UN—one vote each. As a consequence some of the Pacific and North Asian powers—and not exclusively them; the allegation is made about the EU as well—see that they can harvest UN votes. To put it another way, it is asserted that a tradable good for Pacific island countries is to put their UN vote in hock to the superpowers in order to attract aid and economic support, and that that has crowded out Australian influence. That is the broad canvas. The particular allegation made here is that this occurred with respect to the Whaling Commission. I know that Greenpeace follows issues of whaling closely. Do you have any evidence that the assertion is right or wrong and, if so, what is it?

**Mr Rattenbury**—I would have to take part of that on notice. We have conducted considerable research, specifically on the question of the International Whaling Commission, on what we have described as Japanese vote buying. Certainly we saw some evidence here in Australia when the head of the Japanese fisheries agency was on an Australian current affairs program—it might have been *Four Corners*, and this is where I would like to get the specifics from to provide to you later—being quite open about the way Japan used its foreign aid assistance to, as you say, perhaps harvest those votes of support in some of those international fora. We have done considerable research on that and we would be happy to provide that to you.

**CHAIR**—My main interest in asking the question is that this assertion was made from a reputable quarter but it was unsupported by fact. If there is anything on this in the nature of hard evidence that you can provide, we would be interested in hearing it.

**Mr Rattenbury**—I will have to go back and check with our local experts. We have certainly seen circumstances in the Caribbean where government ministers have resigned from their portfolios in response to those sorts of pressures when their government has done those things. On the Solomons I will have to check. I draw your attention, however, to the report we attached to our submission as an annex called *Turning the tide* in which we have explored some of these issues. While you were out of the room we spoke about the issue of nuclear shipments through the region. There was a Japanese fund of \$10 million put on the table at one point about which, again, the assertion was that it was to buy the silence of the Pacific island nations who were objecting to the shipments of nuclear material through the region to Japan. So there are examples around.

**CHAIR**—And your comments on the question of inshore fisheries and the policing of regulations?

**Mr Rattenbury**—It is not an area in which we have done a great deal of work, so I would prefer not to make a comment.

**CHAIR**—One of the other things that has been put to us—and this is something that we have to turn our mind to; it is a bit of a vexed question but I would like any observations you might have about it—is that there are obviously two economies residing alongside each other in the developing countries of the Pacific and in Papua New Guinea: the formal orthodox economy, which is what have come to mean by ‘economy’, and the subsistence economy. This argument goes on that, if there is a downturn in the orthodox economy, that does not mean to say that the country is impoverished because a lot of the citizens of these countries are used to living in a subsistence economy and can live, as one description put it, in an ‘affluent subsistence economy’. But it is obvious from the evidence that, while that may be an option, it may not be the preferred choice, and even those who may prefer the subsistence economy existence do aspire to modern health and education access.

The contradiction here is that if you have no taxable base, as you do not have in a subsistence economy, there is no way for a government to raise the amount of revenue necessary to provide modern health and education and therefore you are caught in this situation where inevitably—so the argument goes—these countries will turn more and more to the types of economic growth policies that we in Australia are familiar with, leading to a cultural change from subsistence to a more orthodox economic structure, and that our aid program should anticipate and reinforce that move in a way sensitive to local needs. That is to say, we should not push it but we should reinforce the impetus as it arises at a local level and help these countries transfer to a more economically orthodox structure. I am sorry that I have laboured this point; I have tried to make it simple but I have made it complicated. Do you have a view about the strategy behind our aid program being directed at those goals? If you do not, that is fine.

**Mr Rattenbury**—You have highlighted the fact that one of the really difficult questions is that transition. That is where one of our real concerns lies in something like the forestry issue: the forests are much more than just a habitat for endangered species; they are also a major resource for the people who live in Papua New Guinea. That is where food, water, housing, fuel—all these important things—come from. Certainly a large scale liquidation of the forests delivers little economic benefit to the local or traditional landowners and, through the problem of illegal logging—through understatement of volumes or of income received—the government in a formal sense does not get the tax revenue that is warranted from the exploitation of those resources.

**CHAIR**—What is behind my question is that a classic growth scenario for a developing country is to improve its return and competency in exploiting natural resources—in that I include mining—managing and exploiting its fishing industry, opening up its borders to tourism and using its comparative advantage on cheap labour to capture an international market. That is a classic approach. Some of that approach conflicts with the objectives of Greenpeace. How do you manage to address both these questions?

**Mr Rattenbury**—That is where we have homed in on something like ecoforestry as perhaps meeting both those goals. It is a system which enables the forests to be harvested, but in a way that does not produce clear scale industrial exploitation. Because the timber is usually exported at a premium, due to the willingness of consumers in Western markets generally to pay a premium knowing that their timber has come from a sustainable source, you are getting a cash income but you are also maintaining the capacity to have a traditional lifestyle. So you are working through that transition phase in enabling the exploitation of the natural resources but you are also moving towards a cash economy.

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**Mr Campbell**—Greenpeace globally supports the Forest Stewardship Council certification system. That is a certification scheme that recognises, for instance, Indigenous rights and has a whole range of criteria by which a particular forestry area can be certified, which would include revenue streams being paid appropriately at fair prices et cetera and the sustainable logging of the areas, but in a way which does not impact on the communities and forests like destructive industrial logging does. PNG is on the verge of having an FSC system in place and, in the next year or two, will be moving towards having concessions or companies being able to step up and have their operations certified under the FSC. Given that, one of the clear steps the Australian government could take is, for instance, to say, ‘We’ll have a procurement policy in relation to tropical timbers. We will only allow FSC timber to be used in or imported into Australia.’ That could be a major economic boon for PNG, but it would have to be tightly controlled under the FSC system worldwide.

**Mr Rattenbury**—Fisheries are an area where Australia can play a role without impinging on the sovereignty of these nations. For the last five to six years in Papua New Guinea, the European Union has funded a company called SGS, which is essentially a Swiss auditing company which has attempted to track the number of logs being exported out of PNG and make sure that the right royalties are paid. I mentioned that Australia has assisted the Forum Fisheries Agency with monitoring so that distant water fishing nations take and are paid for the right amount of fish. These are the sorts of ways Australia can perhaps play a concrete and active role in assisting that transition from a subsistence to what you describe as a formal or conventional economy.

**CHAIR**—Thank you.

[2.24 p.m.]

**BURNS, Mr Trevor, Head, Government and Parliamentary Relations, Corporate Affairs Division, Australian Broadcasting Corporation**

**DOHERTY, Mr John, Head, International Relations, ABC Asia Pacific, Australian Broadcasting Corporation**

**MANGUY, Mr Jean-Gabriel, Head, Radio Australia, Australian Broadcasting Corporation**

**SMITH, Ms Marilynne J.K., Manager International Training, Training, Australian Broadcasting Corporation**

**CHAIR**—I welcome the witnesses to the table. The requirement of me as chairman of the Senate committee is to read at the beginning of our proceedings each day a formal statement which sets out the terms and conditions under which people appear. I did that this morning. However, one element of that relates directly to Commonwealth officers—and members of the ABC are deemed to fall within that category. I will read that so that you are at least aware of it. I do it for no other reason than to put it on the record properly. It states that 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. I have now done my duty. I invite you to make an opening statement, after which the committee will ask questions.

**Mr Burns**—I thank the committee for the opportunity to appear today. We only have a very short opening statement. We believe that our submission covers the issues adequately. The ABC has a longstanding record of engagement with the region through Radio Australia, ABC news and current affairs, ABC training and, more recently, our Asia Pacific television service. We take this opportunity to advise the committee of one important change since our submission, and that is a change in our management structure. On 12 February 2003, the Managing Director of the ABC announced the establishment of an international broadcasting division. The new division will bring together under a single management structure our international radio service, Radio Australia, and the more recently established ABC Asia Pacific television service. While both services will retain their separate identities and individual editorial obligations, bringing them together under a common management structure will enable them to operate in a more coordinated manner. This allows the corporation, in an environment where the international broadcasting community is placing renewed emphasis on their external activities, to gain greater impact from the delivery of a package of radio, television and online services to the region.

**Senator SANDY MACDONALD**—The Australia-Fiji, Australia-PNG and Australia-Pacific islands business councils highlighted in their submission the lack of Australian journalists with a sound knowledge of the Pacific and the sensational nature of the tabloid style reporting of the region. Does the ABC have a view on that?

**Mr Burns**—We would not agree with the notion as it applies to the ABC. We think that we have a longstanding expertise in the region, and we have presence in the region. My colleagues may want to add to that.

**CHAIR**—I do not think Senator Macdonald was referring to the ABC.

**Senator SANDY MACDONALD**—No, I was not accusing the ABC of that. But I am interested to know whether you have a view about how we might foster a more responsible reporting of events in the Pacific.

**Mr Manguy**—I think you may have met some of our colleagues. Sean Dorney is the Radio Australia Pacific Correspondent. Sean is one of several Radio Australia staff who closely follow Pacific affairs, including Fiji and PNG affairs, on a daily basis. That coverage of the Pacific, we would argue, is authoritative. On a daily basis Radio Australia puts out a current affairs program on Pacific issues. A couple of years ago we created a special web site specifically on Asia-Pacific issues. We have a strong commitment to responsible coverage of those issues because we know that people at the other end, who live where those events occur, are listening. I think our coverage is valued in places like Suva, where Radio Australia is being relayed and rebroadcast domestically. How do we perhaps foster better coverage of the region? An initiative we took last year was to organise public lectures here in Australia on Pacific issues; in other words, to go beyond the headlines and perhaps give people a better sense of some of the issues behind what is happening in the Pacific.

**Senator SANDY MACDONALD**—We had some evidence this morning that Radio Australia's coverage, particularly to the Solomons, had been restricted and that there were rebroadcasts from the local radio network. Would you like to comment on that?

**Mr Manguy**—Radio Australia has a number of arrangements with several broadcasters in the Pacific who relay and rebroadcast its content. These arrangements ask that the content not be altered or interfered with. Having said that, whether it be in the Solomons, Vanuatu, Tonga or other countries in the region, we do not have control over what goes to air. When we are aware that this may occur we certainly make strong representations to the broadcasters, but our understanding is that this occurs very rarely. We would argue that, if those relays are affected, people always have the alternative of the short-wave broadcast to have access to the information.

**Senator SANDY MACDONALD**—The short-wave broadcast is of what?

**Mr Manguy**—The short-wave broadcasts come out of Australia.

**Senator SANDY MACDONALD**—They are Radio Australia broadcasts?

**Mr Manguy**—Yes. It is a direct broadcast, if you like, rather than a relayed broadcast.

**Senator SANDY MACDONALD**—If you are in these islands—and I have not been—is it possible to tune in to ABC Australia, as distinct from Radio Australia, on short-wave?

**Mr Manguy**—No. Radio Australia is the service provided by the ABC to the Pacific on short-wave.

**Mr Burns**—There are national programs that we put on Radio Australia, such as *AM*, *PM* and the like, so it is possible—

**Senator SANDY MACDONALD**—Is that at eastern standard time?

**Mr Manguy**—We carry both editions of *AM* live. *PM* goes out live, so when it goes to air in Australia it goes to air in the Pacific.

**Senator SANDY MACDONALD**—Presumably, you would be able to listen to exactly the same program in Europe, wouldn't you? Does short-wave circle the earth?

**Mr Burns**—Into the region we broadcast from Shepparton.

**Mr Manguy**—Yes, Shepparton, and Brandon in Queensland.

**Mr Burns**—The footprint goes over the Pacific.

**Mr Manguy**—It goes over the whole Pacific all the way to North America.

**Senator SANDY MACDONALD**—I am just trying to get this into my mind. Are domestic ABC networks like Radio National, which go out on medium-wave from a national perspective, also broadcast on a short-wave network?

**Mr Burns**—No, not in apposition to Radio Australia. Some of them are streamed on the Internet now, so it is possible to listen to NewsRadio, for example, streamed on the Internet. So we do have services that could be accessed via the Internet.

**Mr Manguy**—For your information, 50 per cent or 45 per cent of Radio Australia programming in English is ABC domestic radio programming—the programs we were talking about before: some Radio National programming and some programming about rural issues in Australia—so there is a substantial amount of domestic content.

**Mr Burns**—I think John Doherty also wanted to comment on that.

**Mr Doherty**—Just getting back to news coverage in the Pacific, as you are probably aware, it is a vast region with many diverse countries; communication between the countries can be difficult and also very expensive in terms of using satellites to feed material from one country in the Pacific to another. Nonetheless, we wish to report more about Pacific affairs. ABC Asia Pacific has already had two very productive meetings with broadcasters in the Pacific region to facilitate a better exchange of news material.

**CHAIR**—I have a couple of questions on your training program. In the back part of the submission, Mr Balding was kind enough to set down a table of activity over the last 12 months. There are quite a few entries. They are not all in countries that are the subject of this inquiry, but nonetheless they are countries of the Asia-Pacific, and there is quite an extensive list of entries.

Is that a typical year for the ABC in this sort of training? Would we expect 2003 to look like this as well?

**Ms Smith**—I should probably answer that. That was one year, and it is not atypical. Sometimes there is less activity. For the current financial year, there would be a smaller number of activities, but possibly larger activities within that. It is reasonably typical.

**CHAIR**—This is calendar 2002, not financial year 2002?

**Ms Smith**—I think it was the 12 months preceding, yes.

**CHAIR**—Did you say, though, that calendar 2003 will be slightly below this level of activity?

**Ms Smith**—It is difficult to predict, because the level of activity here is fairly clearly augmented by the activities that are to do with AusAID programs like the Pacific Media Initiative. The Pacific Media Initiative at the moment is not functioning. We will not be doing any of those activities. The last one was in August. We sent Sean Dorney over to the Pacific forum to act as an EP for a group of Pacific journalists reporting the forum. That was the last activity of that current project. I understand that it is going to be reactivated, but probably not until later in this year.

**CHAIR**—Does this meet the demand, or is this the best response within your budgetary constraints that you are able to make?

**Ms Smith**—We do not normally supply training that is funded by the ABC. It really is not part of our remit, in the main, to do that.

**CHAIR**—But you are registered under ANTA now, I see from the submission.

**Ms Smith**—Yes, we are. The idea with the international training activity is basically to provide professional development for our staff and to provide organisational institutional linkages with broadcasters in the region. The training has an effect at the other end in giving a voice to the reporters and to the people in the region who are able better to report what is happening there. Again, that goes back to that question about parachute journalism. If they are able to speak for themselves, it does help.

**CHAIR**—Sure, but my question was this. There is obviously a certain demand for training and media assistance in the region. Does your program meet that demand or is this the best you can manage given your budgetary constraints?

**Ms Smith**—I was not clear. We are not funded to do the training ourselves. All of these activities—apart from some minor activity in relation to providing a trainer, say, for the ABU, without charging salary—are funded activities. They are funded by other bodies—AusAID, UNESCO and Ho Chi Minh TV.

**CHAIR**—Are you in a position to make any observations about whether that meets the need or whether you are just scratching the surface?

**Ms Smith**—The problem with answering that question is that there is always a need for training. No matter what surface you scratch, there will be a need for training underneath. Certainly, there is a large need for training in the region, in the Pacific region especially, and in PNG in particular.

**CHAIR**—If more funds were available, are you geared to deliver to a higher level if that is what the funding allowed?

**Ms Smith**—I think I would have to take that question on notice. I would have to be consulting with the directors who would be responsible for supplying the trainers. Generally speaking, our activities are meant not to impact on program output, for instance.

**CHAIR**—How are these activities selected? Do you select them from a raft of bids or does someone else do that and ask you to do the training?

**Ms Smith**—Generally, they ask us to do the training or they give us the option of applying via a tender, an expression of interest or putting up a proposal. Generally speaking, they come to us.

**CHAIR**—These bids are generated from the area to an international body like UNESCO, the World Bank or even AusAID?

**Ms Smith**—Yes.

**CHAIR**—They are filtered at that level according to the funding that is available, and then you are invited, if you wish, to take up some of those options.

**Ms Smith**—Yes.

**CHAIR**—Who are the other suppliers apart from the ABC? Are you the lone supplier?

**Ms Smith**—No, we are not the lone supplier by any means. Universities are very interested in the activities. There are private individuals, consultants and other media groups who supply. I am not particularly aware of any institutions except for the universities.

**CHAIR**—Are you in a position to say, out of the total amount of activity that other media groups, individuals, institutions, universities and the ABC are delivering, what share of that total output the ABC has?

**Ms Smith**—I am sorry, I do not know that.

**CHAIR**—I am just trying to get an idea of demand, supply and how far short of all this we are.

**Mr Burns**—It is an issue that is also raised with us when we go out to the region in terms of rebroadcasting arrangements for Asia Pacific television. John Doherty may be able to speak on that.

**Mr Doherty**—We have a deliberate marketing policy at ABC Asia Pacific of giving back to the communities that we go into. It is very clear to us that the television industry in the Pacific is young and that there is a lack of experience but great enthusiasm. We are helping. Next month we are conducting a week-long training course for a large group made up of cameramen and editors from stations around the region. This will be based in Suva. We are hopeful that we will be able to do more of this in the future as funding permits. It is very important for us to be shown to be active in the region, and this is a very good way of doing it—giving something back to the region in a tangible way. The training this time will focus mainly on camera and studio techniques.

**CHAIR**—The provision of training is one part of this problem; the technology that you need to provide modern media services is another part of it. We had evidence yesterday concerning the Solomon Islands, where there is not a satellite uplink. We were told that there would have been stories that Australians would have been interested in about what is happening in the Solomons that did not get covered. Tapes had to be brought a long way out and they then lacked topicality, timeliness and so forth. The quality of the story eroded as a consequence.

One of the constant refrains that has come through all of the evidence is that Australians have a background appreciation of the significance of this area but are, by and large, uninformed about it and are unaware of the nuances of local politics and economic and social developments in this area. As a consequence, they overlook a lot of things that might attract their attention if they knew what was going on. People say that much more needs to be done to lift media coverage in the area so that we as a nation are better informed and able to form opinions about what should or should not happen from a government policy point of view. Are you able to comment at all as to whether or not you feel some sort of affinity with that view—that the Pacific islands and PNG are not well enough covered in Australia?

**Mr Manguy**—I suppose I can only reiterate what I was saying before. Some time ago, we as Radio Australia recognised the importance not only to cover the Pacific adequately for Pacific islanders themselves but also to try to make this coverage available here in Australia. One of the platforms for that is the Internet and online with the creation of a specific web site on Pacific affairs, issues and events, which we created. In terms of programming, Radio Australia produces a daily program called *Asia Pacific*. They are the two programs on those issues.

**Mr Burns**—That program is—

**Mr Manguy**—It is heard also domestically on News Radio and Radio National. Because we have such a strong focus on the Pacific, we are very aware that, as much as there is an interest in the coverage of Pacific affairs, it is a very small circle of Australians who are interested—academics and people from other walks of life. That coverage does not have a broad appeal, inasmuch as we have plenty to provide.

**CHAIR**—Basically, you are saying that there is a small audience in Australia for detailed reporting about Pacific island and Papua New Guinean affairs?

**Mr Burns**—Our presence in the region gives us the ability to provide some information to that audience through the Radio Australia programs on our domestic networks; also, our international television service has a regional current affairs program which we put on our main channel on Sundays.

**Mr Doherty**—That covers regional issues, but also Pacific issues, and it has already been to Fiji. We have done a series of programs from there. I think it is fair to say that the ABC has a much stronger commitment to the Pacific region than perhaps the other Australian media do.

**CHAIR**—I think that is fair comment. I think we all agree with that. From your answer, is it right to assume that the ABC covers Pacific island affairs as part of its community service obligation rather than as a way of positioning the ABC as a more ratings orientated organisation? You see this as part of your community service obligation. You do not do this for ratings, obviously—the audience is small. You do it because you believe it is a necessary part of the services that the ABC should provide the Australian community. It is in that way that we should look at it.

**Mr Manguy**—Yes, you are absolutely right. With Radio Australia and our television service now, we see our role very much as a regional broadcaster with a strong commitment to the region and therefore positioning the ABC as a responsible public broadcaster, not just in Australia but in the region, in the Pacific. In recent years, with a corresponding position in New Zealand, we created ourselves a permanent stringer position from Fiji with a Fijian reporter working for us, and there are people like Sean Dorney in the office in Port Moresby. Indeed, there is a strong commitment.

**CHAIR**—How do you get on with the other networks—for example, the BBC World Service, CNN or any of the other international radio networks? If things are developing in the Pacific, do they come to you as the experts in this region and buy stories off the ABC or do they just compete with you and put their own correspondents in or develop their own networks?

**Mr Manguy**—In terms of radio, we know that they trawl our web sites and follow what we do. We have the coverage that they do not have. We are recognised, I think, as a media organisation, as people who follow closely what is happening in our region, both in radio and television, and as a trusted source of content. In terms of radio, they will get leads and information from us. We face very strong competition in the Pacific. The BBC World Service have 24-hour FM relays in most Pacific island capitals. We do not.

**CHAIR**—Do you return the favour and trawl their web sites?

**Mr Manguy**—We look at what they do but, with our focus being so specific on our region, we are not really looking out for their coverage of Ireland, for instance. It is more this way.

**CHAIR**—From a global point of view, looking at it from the perspective of world news, to get the ABC in context, it is not just the reporting that comes through to the Australian domestic audience or the stories you beam from Australia into the region; you have an intangible influence in shaping world reporting. Are you regarded as the media organisation of first resort for this area that others would look at before they decided what to do? Is that how you would regard it?

**Mr Manguy**—Let me give an example. We know that, when the Timor crisis erupted, some American naval ships steaming from Japan were monitoring our broadcasts to know what was happening. We are a trusted point of reference. Some of the programs that we syndicate around the world—to Europe and North America—include the *Asia Pacific* program, which is available

on public radio in the US. That is what they are interested in, because that is what they know we do best. It is our niche, if you want, in a media landscape.

**CHAIR**—If it is true that the White House watched CNN in the first Gulf War to see what was happening in Baghdad, then the Japanese were watching the ABC to see what was happening in East Timor as they were steaming towards East Timor.

**Mr Manguy**—The US Navy, coming from Japan.

**CHAIR**—You have not quite made it to the Oval Office yet, but who knows? Let us hope there is no—

**Mr Manguy**—A former governor of the US reserve bank used to listen to Radio Australia.

**Senator MARSHALL**—Given the ABC's experience in the area, how do you see us being perceived by the island states?

**Mr Doherty**—In my experience travelling through Fiji and attending television conferences, we are regarded very highly by other media organisations in the region. It would be fair to say that we enjoy a higher regard than Television New Zealand does, and Television New Zealand were active in the region for a long time.

**Senator MARSHALL**—That is just by other journalists or—

**Mr Doherty**—No, these are media organisations that do not just involve journalists. It includes the management of them. I had my first experience with the television broadcasters across the region more than 12 months ago now at a conference they held—the first in 12 years. I was quite surprised at the reception I got and the feeling they had towards Australia. Again, that is one thing that we at ABC Asia Pacific want to ensure continues. That is another reason why we are quite cooperative when it comes to training programs.

**Senator MARSHALL**—Are you saying that Australia itself is held in high regard as well as the ABC?

**Mr Doherty**—I guess I am talking more of the ABC, but I think—

**Senator MARSHALL**—I would like both views. How do you think Australia is perceived and how do you think the ABC is perceived? They are two separate questions, I guess.

**Mr Doherty**—I have not asked them specifically, but as an Australian I have always been warmly received. I have never felt that there was anything but high regard for Australia and Australians.

**Mr Burns**—It is a very difficult area in terms of audience research. We do not have any audience figures from the region.

**Mr Manguy**—It is hard to get audience figures from the region. In a survey which we conducted last year—not in relation to the Pacific but in relation to Indonesia—there was a

question asking ‘What is your perception of Australia?’ A lot of people listened to Radio Australia. The positive perception of Australia was high. We would like to think we have an impact and make a difference.

Our perception is that we make a positive impression and it is not because we just broadcast about or broadcast to them. We are engaged not only in providing training but in providing what I would argue is a very important role in terms of developing their own media. They look up to us; they look up to people like Sean Dorney as an example of the type of work you should be doing. We play a very important leadership role at the ABC in rural Australia and the ABC in Asia and the Pacific in providing content and engaging communities.

**Ms Smith**—Certainly our trainers are very highly regarded and are sought after for any sort of training activity. They come to us also for advice sometimes about the sort of training that is needed in particular situations. We had an example of that recently with the NBC.

**CHAIR**—You refer in your submission to the difficulties sometimes experienced by the ABC obtaining visas for entry to particular countries. Shane McLeod was delayed considerably in PNG getting a visa to take up residence as a correspondent, and *Foreign Correspondent* and *Four Corners* are programs that seem to have some problems. Can you put that in proportion for us? What is the difficulty? Is it still there or is it something that is in the past and you do not expect it to recur?

**Mr Burns**—There have not been any instances since the submission, so the submission is still up to date. Until a specific example comes up, it is a bit hard to judge what the situation may be.

**CHAIR**—I think Sean Dorney told us that he had been expelled from PNG as a journalist and he went back there later and was awarded an MBE for his services to journalism by the same prime minister that expelled him. I do not want to sound condescending, but there is a sort of mickey mouse difficulty about if you affront someone with a frank report that they feel uncomfortable with and you can get tossed out. How serious a problem is this in getting entry into countries, having a journalist kicked out of countries and that sort of stuff?

**Mr Burns**—It certainly is a serious problem for us when it occurs. We do not have a representative with us from our news and current affairs area today. I would be able to get some information on notice for the committee if that would be helpful.

**CHAIR**—I am curious to know how significant a problem it is. If it exists as a problem that concerns you, that might concern us when we are writing our report. Your statement of mission refers to you being ‘a leading provider of information and knowledge to the Asia-Pacific, a centre of excellence for reporting and analysis of Asia-Pacific affairs and an Australian voice in the world’. How are the funding constraints on the ABC and on Radio Australia affecting your ability to achieve those objectives?

**Mr Manguy**—This refers specifically to Radio Australia. Radio Australia still has the short-wave broadcasting capacity that it has had for many years in the Pacific. So in terms of our ability to reach audiences in the region—and let us not forget that it is mainly a scattered and rural audience that we have—short-wave remains the best way to reach these people. We reduced in recent years some of our services to the Pacific. French language disappeared but,

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apart from that, the service that is provided by Radio Australia to the Pacific at present, I would argue, is as good and focused as it has been, not just in terms of news and current affairs but also in its focus on development issues and educational programming.

**Mr Burns**—We do have a proposal in front of government at the moment as part of our next triennial funding submission to secure some 24-hour FM services in key capitals in the Asia-Pacific region, including Port Moresby, Suva and Vanuatu.

**Mr Manguy**—And Kiribati.

**Mr Burns**—And in Asian capitals as well. The funding we are seeking for that is about \$3 million in the first year and then about \$2½ million recurrent. That would provide us with the ability to have 24-hour FM relays in those capitals. As well as that, we would have our rebroadcasting arrangements and short-wave. That would give us coverage equivalent to some of the other international broadcasters.

**Mr Manguy**—That would be in line with the international competition from others such as the BBC and so on.

**CHAIR**—That would bring you up to their level?

**Mr Manguy**—Yes, that is right, reaching, in particular, urban audiences, opinion leaders and Australian expatriates.

**Mr Burns**—I have some information on that part of the bid which I could table.

**CHAIR**—Yes, please. Do I understand, Mr Manguy, that this mantra we hear from the government ‘Do more with less’ actually works in the case of Radio Australia in the Pacific? Or do I understand that the nodding of your head in the negative is to indicate that it does not work?

**Mr Manguy**—The reality is that the Pacific service provided by Radio Australia—apart from the cessation of the French language service to Vanuatu, New Caledonia and Tahiti—has not been affected by budget variations over recent years. The transmission capacity is the same. In terms of programming, we provide the same level of service to the Pacific.

**Mr Burns**—The impact has been more in the Asia region than the Pacific.

**CHAIR**—Mr Burns, you said something earlier about it being difficult to get any reliable figures on audience ratings for your services. Is there anything you can tell us about what you understand to be your penetration here? Who listens to you in the Pacific? Is it mostly expatriate Australians or do you actually reach the Indigenous population?

**Mr Burns**—I might get Jean-Gabriel and John Doherty to answer separately on the two networks, because they will be slightly different, I think.

**Mr Manguy**—In terms of radio, we are relayed and rebroadcast by 15 national broadcasters across the whole region. That means that every day in most countries, when people listen to

their own local national broadcaster, at some stage they will hear Radio Australia. To give you an idea, in Papua New Guinea, Radio Australia programs are heard every morning for one hour between 5 a.m. and 6 a.m. in English and every evening for half an hour in pidgin. The Radio Australia news is on another network on the hour every hour and Radio Australia programs are broadcast on 15 provincial stations. Although we do not have figures, we like to think the reach is quite substantial. In Fiji it is the same, on the national broadcaster. The range of audience, as far as we are concerned, is quite broad. In pidgin in Vanuatu, the Solomons and PNG we reach a broader audience. In English that audience would be narrower, as you would expect.

**CHAIR**—If you had to hazard a guess at market share in these places, what would you say?

**Mr Manguy**—Our share would be that of the national broadcaster in that country and I would like to think it is substantial. We certainly get feedback whenever, for technical reasons, our signal goes off the air, in Fiji in particular.

**CHAIR**—They are quick to complain.

**Mr Manguy**—Straightaway government ministers and the business community are up in arms and they complain to the local broadcaster.

**Mr Doherty**—In answer to the question as far as television in the Pacific is concerned, in many countries there are often only one or two channels. The feedback we are getting from the operators of these channels is very positive. They like the programming and the mix of programming. In Fiji we are on the local free-to-air television station for approximately 18 hours a day. They broadcast their own programming from 4 p.m. until 10 p.m. at night and the rest of the time is largely made up with ABC Asia-Pacific. The feedback from Suva is very positive. Again, Radio Fiji 1 appreciate our programming. There is a little bit of CCTV on there as well. From what we can gather, they are so pleased with the standard of programming we are transmitting that CCTV will be given even less space on the service. We can be reached as far east as the Cook Islands now. Even from as far away as the Cook Islands we have received very positive emails thanking us for the service.

**CHAIR**—What are your top rating programs?

**Mr Doherty**—At this stage it is difficult to say what our top rating programs are, but we do know that our education, English learning, children's and news programs are striking a chord with the audience. We are about to start research in Fiji. Because of their location and size, trying to get research from most of the other countries is almost impossible, but we will soon be initiating some research in Fiji. However, Fiji 1 tell us that, at 10 o'clock at night, when our news airs, there is a considerable audience in Suva watching it.

**CHAIR**—What are the other major networks you compete with for that market?

**Mr Doherty**—In Fiji we really do not compete with any of the main mainstream channels. Fiji 1 also operate four pay TV channels, two of which are Hindi. There is some BBC material there but that is very localised. I guess we are only really competing with the likes of CNN and BBC in the resort areas, which, as you know, are quite considerable in the region.

**CHAIR**—I guess what you share then depends on what the tourist traffic is. People turn to their national channels rather than local ones.

**Mr Doherty**—Yes. There are a lot of Australian tourists there.

**CHAIR**—Regarding Radio Australia, the series *Time to Talk: Governance in the Pacific* and the program *Carving Out: Development in the Pacific* are educational programs. What response have you had to those programs? Is it similar to what TV says they get for their educational programs?

**Mr Manguy**—The response that we get is the response from the broadcasters themselves—the radio stations. Their feedback has been positive because it is material about the Pacific and not about some other faraway place in the world. The relevance of these programs is what makes them popular, I suppose. Once again, because of a lack of audience survey figures I cannot give you numbers, but, from the broadcasters themselves, it works. If it works for them, obviously we are very happy.

**CHAIR**—In weighting the types of programs you put on your service, how do you see educational programs? Is that something that you see expanding or diminishing as part of your programming?

**Mr Manguy**—Yes, it is something we have expanded. We have made a conscious decision to shift resources in that area to make structured programming—in other words, a series of programs on a particular topic—and to produce material that is now, as we know, being used not only by the radio stations but by certain universities and schools in the region as a resource. It is not just used as an audio series, because for each series we try to also build a web site that can be used by students, schools and libraries around the region. We certainly endeavour to make more.

The area of governance is important, obviously. As I flagged before, we have two other key program streams in terms of the Pacific. One is health and the other is what we call ‘sustainable development’, which would include agriculture, mining and so on.

**CHAIR**—Does the ABC go into New Caledonia or is that entirely a French province?

**Mr Manguy**—The signal is available and can be picked up. We have explored ways of making our English language content available, but our experience and my experience is that, if it is not in French, it will be of limited appeal.

**CHAIR**—Is it the same for TV?

**Mr Doherty**—The local pay cable operator, Canal, would be very keen to have us on, but one of the problems that we are experiencing in New Caledonia, and one we hope to resolve over time through some arrangement with Canal, is that they operate on a different technical band—the Ku-band. They wish to put us on their bouquet of channels, but to do so they have to take our signal to Los Angeles, then across to Paris to have it converted to Ku-band and brought back to New Caledonia. The costs of that are rather horrific at the moment, but we are talking to them about having some limited time on their channel, if we can reduce the costs. I can say, though, that we are in most hotels in Noumea.

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**CHAIR**—There being no further questions, thank you very much.

**Mr Manguy**—I would like to table a small document as an indication of our reach in some of the more remote areas. It refers to a competition we ran recently for villagers in Papua New Guinea, and the response was tremendous. It will give you an idea of what we are doing.

**CHAIR**—Thank you very much

[3.14 p.m.]

**KENNEDY, Mr Ian, Director, Ian Kennedy and Associates**

**CHAIR**—Welcome, Mr Kennedy. We note that you are the guru on tourism for the Pacific area, so we are very interested in hearing your views. Would you like to make an opening statement?

**Mr Kennedy**—I would not say ‘guru’, but I think it is important to establish that I have had 40 years or so involved in tourism, virtually 20 of it with the Australian Tourist Commission, getting to know the international marketplaces and so on for Australia. The back half of it, as it were, was in the South Pacific when I was working with the Pacific Asia Travel Association. That was an association of, in those days, some 1,800 members which provided services in tourism in the areas of human resource development, research, marketing and product development, as we call it, or destination development. So I travelled very widely in the South Pacific from 1981 until fairly recently, and had a good feeling, I believe, for tourism in its infancy and early days, and a great concern for the way it was developing. My orientation is towards what I call the supply side of tourism—and I express this a bit in the paper—rather than what I was doing with the Australian Tourist Commission, which is essentially generating demand, creating more visitors et cetera. When I looked at the South Pacific, my concerns were more on what happens to the visitors when they arrive at the destination and the impacts that they have on the destination and on the people and so on.

**Senator SANDY MACDONALD**—When you say you were driving demand for the South Pacific, you were driving demand for the South Pacific countries.

**Mr Kennedy**—When I was working with the Australian Tourist Commission it was just the demand function that I was filling. As a matter of interest, when I first started with the Australian Tourist Commission we did have a mandate to promote Fiji and Papua New Guinea as part of the ‘Australian experience’.

**Senator SANDY MACDONALD**—So that people would come to Australia and also go there.

**Mr Kennedy**—Yes. The argument at the time was that we saw Fiji and Papua New Guinea as complementary to Australia rather than competitive to Australia from the point of view of long haul tourists, particularly out of North America.

The premise from which I presented this paper is that in my time in the South Pacific I have seen the islands that we speak of generally as the South Pacific become what I would call the hole in the doughnut; it is not an original term. Tourism has retreated from the South Pacific. It has not grown in terms of inbound tourism anything like the way tourism globally has grown. Fiji and Tahiti are the two standout destinations within the South Pacific. They capture about 80 per cent of all inbound tourism into the region we are talking about. The other islands that we know so well—Tonga, Vanuatu, Samoa and so on—are really peanuts in global tourism terms. They have missed out considerably on the growth of tourism in the last several decades. I think

that is part of the problem and an area in which I believe Australia can and should make its presence felt.

The EU has done so. Back in about 1984 the European Union created a regional tourism organisation called the Tourism Council of the South Pacific. They have funded it since then till the present time with fairly large amounts of money, both institutional money and project money. The EU has retreated now, as most other aid agencies have retreated, certainly in tourism terms, from the South Pacific, to the point where now they are only funding those projects which the tourism council can identify as being truly significant and so on. Its funding is declining and that regional organisation is suffering. So the whole tourism scene, in my experience over the period that I am talking about, the last 20 years, has declined. There is all sorts of evidence to show that, statistical evidence and so on, which I can provide if necessary.

The other point of my premise is that it is a great shame, to say the least, that that is the case. Tourism, as you would know, can be an industry which is sustainable and provides the triple bottom line that we all seem to dream of. It is not destructive, because now people have become a lot more clever about tourism and the way they manage it. In the last couple of decades we have seen a plethora of universities—some 30 in this country, for example—take on tourism courses, tourism as an academic pursuit. That is also the case in the South Pacific a little bit.

So the fears people had—certainly that the island countries had many years ago—that tourism was going to be denigrating to their culture and so on have largely been taken away by the professionalism with which it can now be approached. Likewise the issue of the leakage of tourism dollars—money coming into the island countries, for example, leaking out in terms of exports that they have to buy to satisfy tourist demand—can be largely identified and mitigated by clever policies at government level.

So we have become more professional in every sense in the way we go about tourism. The nice thing is that Australia is the home of a great deal of this professionalism. Australia is regarded, quite rightly, as being very skilled in these areas of tourism development. Therefore, again, I would suggest, it has all the more right and need to support the island countries in the neighbourhood.

I have suggested in my paper that, for simplicity's sake, tourism be looked at in terms of demand and supply. When we look at the generation of demand for the South Pacific island countries, essentially it says that, in the long-haul markets of Europe and North America, the region is the key feature. People do not talk about Tuvalu and Tonga when they are in Scandinavia; they talk about the South Pacific—the dream is of the South Pacific. So when one talks of marketing in those long-haul destinations, one talks about regional marketing. When we talk marketing in Australia or New Zealand, we can indeed talk about the individual countries, because they are that much better known. In the past Australia has worked alongside the island countries of the South Pacific to talk about Australia and the South Pacific. It has done Australia only slight damage—they would argue perhaps differently—in associating itself with the island countries of the South Pacific in generating a stronger desire to come here. I could argue that that could and should be considered again in long-haul marketplaces.

The issue of supply, however, as I have suggested, is something which we should be far more cognisant of and concerned about. There are roles for Australia both in generating demand and in overseeing the provision of the proper supply. Supply, rather than being a regional function,

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in my view needs to be established on an island-by-island case. The islands are very different in their progress and their sophistication in tourism—indeed, in their desire for tourism at government level and in what the people are prepared to accept as carrying capacity and so on. So there needs to be an assessment made of the needs on the supply side of each of the island countries. I believe that there is a vast amount that could be provided to them which would ensure that tourism in the next couple of decades is uplifted and provides not only an economic fillip but also a sense of pride of place, which I think is lacking so much in the South Pacific, and a reason for people to stay there, to be proud of their country and to be gracious hosts.

I note that you regard Papua New Guinea separately for the purposes of this inquiry, and I would agree with that. In my view, Papua New Guinea is probably the most important tourism destination in the Pacific region, if not the Asia-Pacific region. It has an enormous amount to offer. It is extraordinarily difficult to work in, and that is a very interesting challenge to have. I have felt for as long as I have travelled in the South Pacific that, as an Australian, we have the right, the responsibility and the duty to do more there. I happen to be from the tourism sector, and the right, responsibility and duty, therefore, I see in tourism terms. I would very much like to see Australia become far more active in that area.

**CHAIR**—Thank you very much. One of the purposes of this inquiry is to look at how the economies of the Pacific area and Papua New Guinea can become more self-reliant and can grow to offer their citizens a better standard of living. One of the classic tracks for developing countries is to develop their tourist market as a quick way of leveraging their growth upwards, but you have just told us that the dollars earned from tourism in the Pacific—leaving aside PNG as a special case—are less now than before; that they are in decline. What are the reasons for that?

**Mr Kennedy**—The reasons are partly competition, but primarily access. For the travelling populations of the world—and let us focus on long haul travellers, such as those from Europe and North America—it is now so difficult and complex to travel in the South Pacific. Travelling now is a far more structured thing vis-a-vis 10 to 15 years ago. For example, tour operators put out packages 2½ years in advance. They want pricing on their packages 2½ years in advance. Most of the smaller South Pacific island countries and the smaller tourism enterprises in those countries are not capable of doing that sort of pricing, so they do not make it to the tour operators' packages. The classic thing in North America, for example, is to pick up a telephone, call a travel agent and say you would like to go to Tonga. The answer literally comes back: 'Why would you want to go there? Why don't you go to Trinidad?' What the travel agent is saying is: 'I've got a package on Trinidad. If you want to go to Tonga, I will have to work really hard to find out all the answers. I will have to get on the email and yah, yah, yah.' Those countries are simply not competitive in the marketplace, and the issue of air access is part of that problem.

**Senator SANDY MACDONALD**—Does not being competitive in the marketplace apply to price as well?

**Mr Kennedy**—No, I do not think so. You will find that there is a market out there for any price. Those who know the South Pacific and are sold it correctly will pay the price. It is expensive, but there is a segment of the market out there that will pay the price for the unique attraction that is the South Pacific, so long as they are sold the product correctly. Price is not the issue. These people are time poor. They have lots of money, but they are not prepared to spend time messing about trying to get to these small island destinations.

**Senator SANDY MACDONALD**—Is Fiji competitive for the Australian holiday market?

**Mr Kennedy**—It is somewhat different. I had in my mind North America when we were talking.

**Senator SANDY MACDONALD**—Do you regard Fiji as competitive when you put it up against Bali, for instance?

**Mr Kennedy**—With Fiji and Bali being so up and down, the price of their product depends on where the coup is. Fiji is competitive, certainly with some South-East Asian destinations, and the Australian market has responded extremely well to it, as has the New Zealand market over time. The Fiji industry has become quite sophisticated in the way they work with the airline. For example, the hotels work with the airlines to produce packages which are very attractive in the Australian marketplace, and they have been very successful.

**CHAIR**—Is the rascals problem or the safety problem in PNG a turn-off for Australian tourists?

**Mr Kennedy**—Australians have a real fixation about PNG. I think it goes back to WWII and everything that has happened since then—Australia has mandated the place and so on. It is a generational thing as much as anything else. The interesting thing about PNG and the view that people have of it is that, the further you go away, the less critical it is. If you talk about Papua New Guinea in Scandinavia or Italy, they have no idea; they would not know what a rascal is, so it is not an issue. Some of the operators in Papua New Guinea are starting to use Cairns as a gateway, because the rascal thing is pre-eminent in Port Moresby. In my view, the unique feature of Papua New Guinea is the highlands, not the coast areas, and the highlands do not have much of a rascal problem, except at Tari and places like that. What we are seeing in PNG is that people are now going to use Cairns as the gateway to Papua New Guinea and fly directly from Cairns up into the highland country, to some of the resorts on the north coast and so on. But it is the perception of Papua New Guinea at the man in the street level that is part of the problem.

**CHAIR**—But you are saying that access is a more fundamental issue?

**Mr Kennedy**—Yes. If the main airport in Papua New Guinea was Mount Hagen rather than Port Moresby, I do not think the problem would be so severe. It is Port Moresby that seems to be the problem.

**CHAIR**—You have spoken of time poor people, not cash poor people being affected. What about the ubiquitous European and North American backpacker? Does this market get its share of that type of tourist?

**Mr Kennedy**—Six months ago, at the request of the Fiji government I took part in a study on the backpacking industry in Fiji. It provided a number of comments that are relevant to the rest of the islands. Basically, the ubiquitous European backpackers are on an around-the-world ticket. They come out to Australia, they do their six months of work picking grapes or whatever, then they move on. Before they go home, they look for an island to go to to have a final bit of relaxation or whatever. If their ticket routes them through Fiji, that is where they will go. If it happens to take them through Tahiti, the Cook Islands or wherever, that is the way they will

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go—on an Air New Zealand et cetera around-the-world package. I think Fiji gets 12 per cent of the Australian backpacker market from the Northern Hemisphere. That is kids who come down to Australia and go home via Fiji. It came to the fore in Fiji during the last coup when the market turned off—all except the backpacker segment. They kept on keeping on. They were there. I guess what essentially happened in Fiji is that the man in the street, as it were—the entrepreneurial types—looked at that and said, ‘Here’s a guaranteed stream of income or, at least, stream of visitors,’ and they started to build a bunch of very unexciting backpacker vacation places on the beach, like small bungalows and so on. The government needed to get a handle on it because it became such an important issue. These unauthorised, unlicensed et cetera backpacker places, which often had water access and were therefore unsafe, were springing up all around Viti Levu. The government called for a review to take place and then for some stability to be put into the backpacker market. Backpackers are a very significant group of people for Fiji and will grow increasingly. I know they are finding their way to Tonga. Essentially, it is a function of how they are ticketed and how their around-the-world airfare is structured.

**CHAIR**—Is that a function of where they buy their ticket?

**Mr Kennedy**—Yes. It essentially depends on where they depart from. When Air New Zealand were a bit more prominent in the market, they were very strong in this, and they carried a lot of the backpackers through the South Pacific. Of course, they also go to New Zealand after coming to Australia.

**CHAIR**—Is there an investment problem for tourism in this region? Is there enough investment chasing this industry to lift the facilities and make them more attractive destinations?

**Mr Kennedy**—Investors are a bit spooked by it. They certainly are in Papua New Guinea. In my view, it is surprising that they have come back as well as they have in Fiji after the couple of coups, and the last one in particular. But they have been encouraged by the Fiji government and, indeed, by people like Air Pacific, who are prepared to put their money into hotel development and so on and are prepared to put their money down first. I do not think most of the other countries have that luxury. The economies of scale are simply not there. For example, in Tonga there is no incentive, or not sufficient incentive, for outside developers to come in. When you look at development funding, there are a lot of places you would put it before you would put it in the South Pacific.

**CHAIR**—Does that problem occur in Tonga because there is a view in Tonga that tourism is not the way to go; they want to keep their place for Tongans?

**Mr Kennedy**—Yes, that probably is the case because, despite the lip-service that Tongans give to tourism—and this applies to many of the other small island countries—they do not put their government money, as it were, where their mouth is. They do not provide incentives to would-be developers to come in and operate the right sort of products. Tonga has had, as most of the others have had, ups and downs and bursts of enthusiasm where you might get some entrepreneur—in the case of Tonga, they were often from New Zealand—who would come in and work with a Tongan partner to establish, a holiday property, a cruise boat operation or a diving operation. But, because of the difficulty of tenure—land tenure often times—because of the difficulties associated with having to have local partners and so on, and because there are

simply more difficulties than pluses for the external investor, they look elsewhere for their funds.

**CHAIR**—On the investment question, who are the investors? Are they mainly local or Australians or investors from other countries?

**Mr Kennedy**—It varies. With the big hitters in Fiji, for example, and Tahiti you will find that they are external, overseas investors, Australian in some cases, but American and European. But there is some Australian corporate sort of funding as well. The smaller islands—it is really often times a lifestyle sort of mentality that causes people to invest, and so the investment is often at a fairly low level.

**Senator MARSHALL**—You have addressed the issue of the rascals, but the problem of instability goes further than that. There are the coups in Fiji, there is the Solomon Islands unrest, there is the Vanuatu issue, New Caledonia and the general crime problem in PNG. I gather, from what you were saying about the rascals, that that is something that does not actually register once you get outside of this region. Is that right, or is it a serious problem that has to be overcome by the tourism industry?

**Mr Kennedy**—It has to be overcome by the tourism industry, I would suggest, not only because it is a perception but, as I was saying, the further away you go from Papua New Guinea, the less the problem appears to be. In the Australian press we probably read of rascals or some problem in Papua New Guinea once a month, or once every two months. In some of the major tourist markets of the world like the west coast of the United States or Germany or Scandinavia, you would not read about Papua New Guinea once every six months let alone about rascals. So it is not an issue.

**Senator MARSHALL**—But that general area—that is a fair list of areas where they have experienced some serious instability. That is not registering or is it registering outside of Australia?

**Mr Kennedy**—I do not think it is registering nearly so much, no.

**Senator SANDY MACDONALD**—It may well register in the US travel advisory though, might it not?

**Mr Kennedy**—Yes, indeed. What does register however is, for example, the Mururoa atomic bomb testing scenario, if you want to go back that far. That turned off tourism to the entire South Pacific because people's geography said—the foreign media were sort of saying, 'These bombs are being tested in the South Pacific,' or they had a perception that Tahiti was in the South Pacific, and so people would not go to Fiji.

When the rascal thing is spoken about as being Papua New Guinea/South Pacific, yes, it affects the entire South Pacific because people's perceptions are not all that strong. The advisories are out in virtually every country in the world. Forty per cent of people travel without travel insurance. Those who would prefer to go to PNG from the United States are still going. They get about 40,000 visitors a year, which is pathetic really when you think about it. There are really only two tour operators to speak of: Trans Niugini Tours, TNT, and Melanesian Tours; there are a number of smaller ones. Between them they handle about 20,000 passengers each.

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The majority of them are American and European—Australians are way down the list; but certainly American and European are the major groupings. Often as not they are what we call ‘special interest’ tourists; they are butterfly collectors or orchid chasers or bird watchers or whatever, and divers of course. They will go—certainly the divers and those specialist people—anywhere. But that is what the market for PNG consists of at the moment, that special interest type traveller.

**CHAIR**—In your submission you refer to a development model for tourism in PNG created by Dr Dick Braithwaite.

**Mr Kennedy**—Yes.

**CHAIR**—Can you explain that and summarise it for us?

**Mr Kennedy**—Yes. Some time ago the CSIRO had a department of tourism, which was research oriented, within their structure. Dick Braithwaite headed it up. I am paraphrasing here but, basically, what the CSIRO saw was the destruction of a biosphere. They were very concerned about the destruction caused by the timber industry and other exploitative industries in PNG. As you probably know, over decades they have done a tremendous job of mapping all of this through GIS and so on.

Dick was saying that, if we were to position a tourism product alongside one of these areas of high diversity value—to take a pilot case, let us say the headlands of the Fly River—which would be very important in terms of its biodiversity but also very attractive to tourism, could we not prevent the exploitative industries going ahead in that area? We would have a source of revenue coming in through tourism; and the people would be better financed, better educated, proud of their place and protective of their area rather than having a ‘could not care less’ attitude about the area.

In typical scientific fashion, Dick developed a model for this. Indeed, I was working with him at that time. We took it to Papua New Guinea; we took it to just about every member of the cabinet at the time; we took it to AusAID; and we took it, here in Australia, to possible financiers of the development we were proposing. I guess somewhere in all of that it did not take off; it fell apart. There was insufficient funding for the research phase, which was essential. I think people were scared off by the cost of the development phase that would follow, in terms of providing infrastructure, which would mean air access, water and all of those sorts of infrastructure requirements.

We took it to AusAID and argued that, even if this were not right, it was the type of thing where we would like to see tourism make a valuable contribution at the community level. But there is no question that it would require enormous funding up front. To go back to your former question, I guess that is where the financing just is not available. Yet, whoever it is will fund the Highlands Highway or a series of airstrips through the highlands, but not the sort of infrastructure that would allow what would be an absolutely unique tourism development to take place. That was, essentially, what we were on about.

**CHAIR**—You talk in your submission about the negative influence of tourism, particularly where you are dealing with fragile social communities and so forth. Can you just go through

how you see that that problem could be managed, consistent with the upside that tourism brings?

**Mr Kennedy**—I think that, if you take a typical island scenario, the fear is that the local population will become servile in the tourism industry. I guess the case in point, if I could use an example, is Fiji. Because it has grown to be a quantum more sophisticated than some of its neighbouring island countries, I would suggest that the native people in Fiji, through the tourism industry, are now becoming culturally and in many other ways better attuned to and better aware of the values of their own culture. For example, Fiji already has a number of hotel general managers who are native Fijian, which is an exception to the rule in the rest of the South Pacific. Local Fijians are not in totally servile industries.

They are also providing a sophisticated cultural experience to visitors, which goes far beyond the mekes and the dances and so on into taking people on tours to villages and churches et cetera. These, interestingly, are among the most popular types of tours for people to undertake. After three or four days resort life around the Coral Coast gets a little tedious, and to be able to go to a village with a local Fijian guide is stimulating for the visitor and also very valuable for the local people. The same can be true elsewhere. I can quote cases like that in Tonga and in PNG, where they take canoe rides down to small villages. The villagers are proud to show off their village and the produce of their village. It is in that sense that I say that culture can be retained and strengthened by tourism.

**CHAIR**—It is one of the attractions.

**Mr Kennedy**—Absolutely. And more and more people are looking for that sort of thing rather than the hackneyed style that is so often promoted.

**CHAIR**—After the Bali bombing disaster, the conventional wisdom was that Bali would drop out as a tourist destination for Australians and the Pacific island states would rise up as a preferred destination. That has not happened.

**Mr Kennedy**—It will not happen.

**CHAIR**—Why not?

**Mr Kennedy**—I will tell you. One reason why not is because the government of Indonesia have spent a vast amount of money in a restructuring program for Bali. This weekend they are taking 30 or so people up to Bali, among them serious journalists, travel trade people and so on—this is only from Australia—and they are showing these people Bali and how the Indonesian government have gone about increasing the security and that sort of stuff. They have undertaken, in other words, crisis management and a restoration program, which will have the effect eventually of turning Bali back on for the Australians.

I would say the small islands in the South Pacific, with the exception of Fiji, had no way in terms of their own competence and their own access to money to promote themselves when Bali fell over. If they had jumped into the Sydney marketplace and said, 'Come visit us,' or had some attractive fairs or whatever, they might have done well, but they did not do that because they do not have the competence to do that. I do not mean 'competence' in a negative sense. I mean in terms of finances and their ability as national tourist office organisations to do that.

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This, to go back to where I started, is the sort of thing that I believe Australia should be teaching these folk. It does not get to the travel industry per se, necessarily, but really to the ministries of planning. I happen to have—and I am happy to leave it for you if you are interested—a plan called, ‘Towards 2020’, which is the New South Wales tourism master plan. It is the sort of thing that every island out there should have, although they do not need it as sophisticated as that. This is done, as you would imagine, by the government of New South Wales in a very professional and thorough way. There is no reason why the small islands should not have something which is similar to that looking in those directions. Without the planning, they just have ad hoc development in tourism. It is the next carpetbagger who comes in who is going to get the headland or the beach site or whatever, and that certainly has been happening for the last 20 years and there is no sign of it abating.

**CHAIR**—To put together a plan like that, even a rudimentary one, requires a bit of bankrolling.

**Mr Kennedy**—Yes.

**CHAIR**—Have they the capacity within their own economies to do that or do they need to go along to the World Bank and get funding?

**Mr Kennedy**—I think the latter. When you look at—

**CHAIR**—Or the ADB.

**Mr Kennedy**—Yes. But the World Bank and other donor agencies spend money in a lot sillier ways than that. When you look at both Bali, because you mentioned it, and Fiji—and indeed Tahiti—the reason I would suggest that they are so well ahead in their tourism is that their tourism industries are both structured off a master plan, written in the 1960s and in both cases funded by the World Bank. People wrote the master plan for tourism in Bali and one for Fiji. By all means, they have changed and modified it over the time, but they had a plan to start with.

The whole of the Coral Coast, for example, was in the covers of a book, essentially, back in the 1960s. As I say, they have changed it over time but the plan was there to work from. The opposite to that is the ad hoc development that we see and which is totally destructive of tourism and prevents them getting into the real world of 21st century tourism, where they have to be sophisticated or they are not in the race. So they become the hole in the doughnut.

**CHAIR**—We have to respect their independence. They are all sovereign entities and so forth. But is there a genuine desire, do you think, to get into the tourist market but they lack the means of doing it or is this something that there is a great deal of uncertainty about?

**Mr Kennedy**—I think the uncertainty issue has gone away. It was there when I first started going out there. In the early 1980s, church groups and women’s groups would come to me and my colleagues and basically say, ‘We don’t want tourism because we’re scared of the cultural implications and all the negative effects and so on.’ We would then go to the minister of tourism or the Prime Minister or whatever and they would mouth positive things about tourism: ‘Yes, we want it. We must have it.’ But that is where it stops. One hears the term ‘lip-service’ a lot when one talks about tourism in the South Pacific; that they give lip-service to it but they fail to

follow through in terms of approaching it in the right way, be it in planning or be it in requesting aid for appropriate tourism enterprises, or indeed when they do things like run an airline, which costs the earth and is totally inefficient insofar as tourism is concerned. The lip-service thing is an issue.

I do not know how to answer your question. Certainly the private sector is clamouring for guidance from their governments. The budding tour operators out there, be they bareboat charter operators or guys who have a boat out over the coral reef, are looking for support, and 90-plus per cent of the travel industry in the South Pacific is small operators. Without government guidance and leadership, they have got nowhere to go. They cannot get into the marketplace themselves. They cannot afford to go to California and talk to the tour operators or indeed come to Sydney unless their government does it for them. So the government in all these cases has to take the lead role.

**CHAIR**—You mentioned airlines. I do not know whether you are aware of Qantas's submission to this committee, but they expressed the view that obviously a sustainable aviation sector is essential for the future development of the region. There is a bit of a chicken and egg thing here: is there the traffic to sustain it? Every airline in the world is being squeezed at the moment. I take it from your opening remarks that you agree with what Qantas says, but are there some impediments that we ought to be aware of in this area, apart from traffic and demand for seats, that obstruct the development of a better airline service?

**Mr Kennedy**—There are a couple of things. One is the returning home syndrome, where all of the South Pacific airlines get choked up at various times of the year with their locals returning home—when Auckland, Sydney, LA or Honolulu empties out and all the Samoans, Tongans and so on go home for Christmas, for example. That is a terrible time for airlines and causes a false glitch in airline operations. That is a point that I mention in passing. I think Royal Tongan Airlines are suffering that fate at the moment.

The other point, which is probably more significant, has to do with the Qantas-Air New Zealand thing. I think there is a market out there for the South Pacific if the air service were provided, but an air service by itself is not sufficient. That is my point. There is a lovely saying that a first-class airport and a five-star hotel room do not a tourist destination make. There are a whole bunch of things that go into making the South Pacific a viable tourist destination and viable tourist region. Airline is one of them, accommodation is a second and attraction is a third. The competence of the people on the ground to be good hosts is another. All those things have to come together before Qantas, Air New Zealand or anyone else is going to turn the South Pacific on as they potentially could like a Caribbean or whatever. I do not think simply providing air service is the end answer but it is as critical to the success of the region in tourism terms as is accommodation or the capacity of the people to handle incoming visitors.

**CHAIR**—You mentioned the Caribbean a couple of times. Is that a model for some of the Pacific island countries to look at?

**Mr Kennedy**—In some ways, yes, it is. The EU have certainly seen it that way. You would be aware that they have funded the Caribbean Tourist Association, as they have funded this thing in the South Pacific. The major difference is that they are on the borders of 280 million frequent flyers.

**CHAIR**—And a much smaller concentration.

**Mr Kennedy**—For example, they have a cruise industry, which we do not have in the South Pacific—and, in a sense, they have been longer at it. Aside from that, on the supply side issues we could learn a great deal from what they have done in terms of educating their staff and so on in the accommodation sector and what their governments have done in terms of tourism planning. The cruise issue is something that I do not think we can compete with. Their proximity to the Americas is the critical issue there. It is cheaper for them to promote and market, and it sort of follows from that.

**CHAIR**—I think we have given this a fair belt, but are there any areas that you would like the committee to focus on and sharpen up the things that we should consider? Perhaps I should tell you a bit about what is going through my mind—though I am not suggesting that it will necessarily be the basis of the outcome of the report, because we have to consult as a committee. I am interested in trying to get a fix on all the indicators for development in this region. Tourism is an industry that developing countries can hook into and accelerate their growth. You made that point quite cogently at the beginning. The issues that provide barriers for growth in this area are issues that we need to look at. I am not at all sure to what extent the development industry—all the aid agencies and those that are concerned with growth and development—rate tourism as an important element in all of this.

**Mr Kennedy**—I am constantly shattered by the lack of regard they have for it. I have been to AusAID a number of times on behalf of island countries pleading the case for tourism, and you get the run-around. One argument you get is, ‘If the national planner in Tonga, Tuvalu or PNG came to us and put tourism high on their list of priorities, we would respond to it.’ The other argument goes along the lines of, ‘Tourism is a private sector function, and we donor agencies don’t provide private sector support et cetera.’

**CHAIR**—You make a big point with regard to this in your submission. How I read your point is that, given the level of development and an immature—my description—private sector, the government has to take up the slack and get the ball rolling to seed the growth of this industry.

**Mr Kennedy**—Absolutely; as they do in New South Wales—and Joe Hockey is rating his 10-year plan et cetera. It is all the same. We seem to think in Papua New Guinea or the other islands that a couple of tour operators can do it off the seat of their own pants. I have been told—and you would know better than I—that it goes back to the government planner in the island country and whether they put tourism higher on the list of their priorities than things like education, roads, health and what have you—it may come to that.

**CHAIR**—They are fundamental inputs.

**Mr Kennedy**—Yes, but it has to be in there somewhere.

**CHAIR**—But education, health and roads are all elements of tourist development.

**Mr Kennedy**—Absolutely. Again, the case of Fiji is important. When they built the dams in the Nausori highlands to provide hydro-electricity and water for the villages, they also provided power and water for the hotels down on the Coral Coast. So there is a synergy there in terms of

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development which is absolutely right. It is the same with my argument about PNG. If we put a tourism enterprise into these areas of high biodiversity in the PNG highlands, think what it would do for the local communities. Before you could turn around you would have schools, roads et cetera, because there is a tourism enterprise. That happens. You may be aware of Ambua Lodge in the highlands above Tari, where this guy, Bob Bates, has had a tourism property for many years. The schooling there is fantastic, because the local community gets the benefit.

**CHAIR**—Is foreign language facility an issue here? Does this part of the world attract its share of Japanese tourists, for example?

**Mr Kennedy**—Fiji attracts them and New Caledonia, but that is about all. With the Japanese it is absolutely a matter of access. If you have got a direct service from Tokyo to wherever, you will get Japanese tourists. New Caledonia has got it, Fiji has got it and French Polynesia has got it. But they will not go to the Cook Islands; they will not go to Samoa or anywhere that they cannot go on a direct service.

**CHAIR**—They are particularly time critical tourists.

**Mr Kennedy**—Yes, and the same with the Koreans actually. That is another thing with Australia, the markets of the future for this part of the world are China and India. They have very little interest, at this point anyway, in the South Pacific and the sort of product that the South Pacific has to offer. So the markets for the South Pacific will continue to be the traditional markets of North America and Europe, and of course Australia and New Zealand closer to home. There is one other thing I would mention, Senator, if I may. Some years ago I was involved with a thing called AIDA—the Australia-Indonesia Development Area—and out of it we created a concept of a touring area called the Arafura tourism zone. Again I have mentioned the Caribbean, but as we saw it this was a zone of tourism which took in and encompassed the Spice Islands of Indonesia, east of Bali—so all of the eastern Indonesian archipelago.

**CHAIR**—The most underdeveloped part of Indonesia.

**Mr Kennedy**—Yes, and Papua New Guinea and the northern part of Australia: Broome, Darwin, Cairns—so it was a sphere as it were. The concept was to create and market it as a tourism zone. It fell apart because of the Suharto issue basically. It was around that time and we galloped along quite well; the Northern Territory, Queensland and Papua New Guinea governments were interested and so were the Indonesians but then Suharto changed ship and this thing fell apart. But it is the sort of conceptual planning that I believe Australia could well sit down and think about, not only in terms of eastern Indonesia—which would not be a bad thing these days—but also the Coral Sea, for example. There are logical subregional zones where, if you thought of Cairns as a base and you thought of encompassing out of a Cairns base countries like Vanuatu, Fiji and Papua New Guinea and so on, there are synergies for development and travel promotion and so on in those areas, which can be quite useful and create small Caribbeans around the place. There are ways to go and many areas to be explored in that if we wanted to sit down and think it through. I would be happy to leave one of those things with you.

**CHAIR**—I want to conclude on this point: if you were in our position framing recommendations that might make some practical sense and make a difference, can you summarise what you reckon we should recommend for tourism in the South Pacific?

**Mr Kennedy**—I reckon I would like to see Australia identify, dare I say, a study group or call it what you will, to think through—we have got some very good tourism brains in this country now, and these are commercial guys as well as government institution tourism people. What I would like to do is gather five or seven people of that sort and, with a willingness on the Australian government's part to achieve a positive outcome, sit down with them and say, 'What is the best way we can help these guys.' I have alluded to some of it, but it takes a lot more than me. I could sit down six or eight people over a period of time or in a lock up or whatever and come out with some very tangible and practical ways in which we could help the region develop its tourism, without any down side to Australia in my view at all.

**CHAIR**—Would such a thing be welcome in the region? Would regional leaders say, 'Hey, this is not a bad idea?'

**Mr Kennedy**—Absolutely. It would need to be sold because hearing you talk to the ABC guys, a Big Brother syndrome does exist and they certainly would not want to be told that this is the way their tourism is going to go. But if the Australian Tourist Commission, for example, were to go to Fiji and one or two of the others and say, 'How would you like to come to Germany on a backpacker promotion with us,' they would be delighted. And it costs the Australians nothing, I would have thought.

**CHAIR**—Would it add value to the Australian side of that?

**Mr Kennedy**—Sorry?

**CHAIR**—It would obviously add value for the Fijians, but would it also add value for Australia?

**Mr Kennedy**—One would argue that. The Australian Tourist Commission might argue against that. I will tell you very quickly that when I worked with the Australian Tourist Commission in North America, we ran a massive promotion which cost several millions of dollars—this is back in the 70s—called Destination South Pacific, where we took South Pacific island countries, Australia and New Zealand on a barnstorm around North America. It was an extraordinarily successful promotional campaign. The result was a very major upsurge in travel from North America to the South Pacific but a decline in the number of days spent in Australia. So the Australians at the time said: 'Forget that. We're losing out on this, because people are coming to the South Pacific but they're not staying on in Australia.' In my view, it was a moot point whether we won or lost, but it did not continue.

The Australians currently argue that, by aligning themselves with some of the smaller island countries in the South Pacific, they are diminishing the quality of the Australian product. It is simply the quality of the product. For example, accommodation in Fiji and the other island countries is not of the same level as it is in Australia, and they see that as a detriment in promotional terms. But these are the sorts of bullets that I feel we have to bite. These places are far too important for us to think that we can get off easily. It seems to me that we have to bleed a little to get it right for them.

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**CHAIR**— Let me capture this point if I can. To summarise, what you have offered us is a possible recommendation of something practical that might work: in consultation with and with the support of Pacific island countries, Australia should bring together an expert group to prepare a tourism plan for the region, or subregions within the region, on the basis of trying to look at the government's role and the government-private sector's role in lifting tourism as an input to development. Is that right?

**Mr Kennedy**—Yes, that is close to the mark. That is what I am saying.

**CHAIR**—Thanks very much.

**Mr Kennedy**—You are very welcome. I think this is the first time that such an inquiry has been held, and I am pleased to see it.

**CHAIR**—There have been other inquiries, but I think this is the first time in recent memory. It comes from the idea that, if we do not do something about this area, it will cost us more in the long run. Neglect is more expensive.

**Mr Kennedy**—I could not agree more.

**Committee adjourned at 4.07 p.m.**