



## **Submission No 35**

**Inquiry into Australia's aid program and its impact on human rights and security in the Pacific**

**Organisation: Papua New Guinea Canberra Students' Association**

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# PAPUA NEW GUINEA CANBERRA STUDENTS' ASSOCIATION

## SUBMISSION TO THE PARLIAMENTARY SUB-COMMITTEE ON HUMAN RIGHTS

### I. PURPOSE

1. This Submission has been prepared as a result of the meeting between the delegates from four Pacific Island countries and members of the Sub-Committee on Human Rights on Thursday 29<sup>th</sup> March 2007.
2. Although it is primarily directed at issues related to the educational scholarship programs offered by the Australian Government for Papua New Guineans, broader issues relating to the Terms Of Reference (TOR) of the Inquiry into Australia's aid program in the Pacific are also discussed.
3. The Papua New Guinea Canberra Students' Association (PNGCSA) would also like to express its gratitude to the Parliamentary Sub-Committee for according their time to meet with students of the Pacific Islands on 29<sup>th</sup> March 2007. It is hoped that similar opportunities will present themselves in the future.

### II. BACKGROUND

PNGCSA membership is comprised of 36 tertiary students studying at the Australian National University and the University of Canberra.

This submission is a summary of discussions by PNGCSA members prior to and after the aforementioned meeting on 29<sup>th</sup> March 2007. The views and comments expressed within this paper are those of the PNGCSA members alone and do not reflect the position, policy or opinion of the Government of Papua New Guinea or their employers.

### III. EDUCATIONAL SCHOLARSHIPS

#### A. NATIONAL WELLBEING

1. The AusAID scholarship scheme plays a prominent beneficial role in Papua New Guinea's development. The scheme should continue with the aim of buttressing efforts to achieve the strategic priorities and goals set out in the Government of Papua New Guinea's Medium Term Development Strategy (MTDS) and to implement concomitant policies.

2. The scholarship program is congruent with the vision of the Constitution of Papua New Guinea. For instance the scheme directly addresses Integral Human Development, which falls under the National Goals & Directive Principles and the Social Obligations section of the Constitution.
3. A sharper focus on gender equity in the provision of scholarships, can support the general development of women and raise their status and contribution within Papua New Guinea. More and better educated women are required in decision-making roles within political and professional spheres.
4. It has been observed that past scholarship recipients tend to display the following attributes in their workplaces after successfully completing their studies:
  - critical analytical skills;
  - positive attitudes as consequence of their exposure to different environment and high standard of learning;
  - assume a proactive role in highlighting, discussing and debate national issues;
  - active proponents of governance in institutions in which they are employed; and
  - effective mentor that pass on their skills and knowledge to their professional colleagues and their wider community.

## **B. ACADEMIC**

- 2.1. It is our view that the scholarship programs should be oriented towards addressing deficiencies identified by a comprehensive national training needs assessment exercise. To our knowledge no such assessment has been done to identify capacity gaps in relation to the achievement of medium strategic goals.
- 2.2. While it has been the general practice that PhD scholarships are restricted to personnel of tertiary and research institutions we welcome the recent expansion of eligible candidates under the auspices of the program.

## **C. PERSONAL LIVELIHOOD**

### **3.1 *Stipend issue, current change in stipend***

- 3.1.1 The recent imposition of a uniform scholarship stipend acts as a significant disincentive for current affected and potential AusAID funded married scholars, more so for those with

children. Further, the customary and security implications coupled with potential negative marital and familial consequences of leaving family members behind are likely to prove destabilizing for the scholar and jeopardize the successful pursuit of academic excellence and counter.

- 3.1.2 The reduced stipend amount available for scholars with dependants imposes a significant financial burden. A one-off establishment allowance, of \$5000, is inadequate to cover the combined recurring costs of necessary outlays such as educational requirements for their children, medical cover, rental deposit, books and materials.
- 3.1.3 The negative impact of the changes in the scholarship are already felt at this early stage of implementation and the added duress of financial and emotional strain will obtain the necessary skills and knowledge, which contradicts the overall objective of the AusAID scholarship. We are mindful of the fact that one of the objectives of the scholarship is to provide people with the necessary skills and knowledge to drive changes and influence the development outcomes of their own country, through obtaining tertiary qualifications.
- 3.1.4 We would like to recommend a review of the current stipend arrangement with a view to the reintroduction of dual system allowing for students that have dependents accompanying them.
- 3.1.5 We would also like to recommend that the level of the stipend rate is also reviewed to take into consideration the cost of rental accommodation and the cost of books
- 3.1.7 We recommend that AusAID and universities explore mechanisms to facilitate the student accommodation within the vicinity of university campuses within a month of arrival in Australia.
- 3.1.8 AusAID funded students are required to leave within five days of completing their studies. We request a reasonable grace period to allow scholars to carefully organise their departure and to permit them to attend their graduation ceremonies.

### **3.2. *Personal Grievances or Problems***

- 3.2.1 While we are grateful for the excellent support system in place, we ask for consideration for a scheme that provides financial assistance for emergency personal reasons, namely a death in the immediate family, to assist the scholar to return to Papua New Guinea to attend to such unforeseen circumstances. This need not necessarily be in the form of a grant but can be offered

as a interest-free loan to be fully recovered as a reasonable deduction from the remaining stipend flows to the scholar of the scholarship.

#### **D. PROFESSIONAL SKILLS/EXPERTISE**

1. High rates of mobility within the Papua New Guinea public service undermines institutional capacity. The more mobile officers are usually highly-skilled, well-trained individuals, which leads to an erosion of institutional knowledge and memory. Officers trained under AusAID funding officers fall in this category. We recommend that AusAID assist the PNG government in exploring mechanism to retain key personnel. Options in this respect could include the imposition of bonding arrangements, better remuneration and assisting institutions identify promising officers, designing career paths for them with the aim of nurturing an elite cadre of career public servants.
2. The high turnover of public servants has a disproportionate adverse effect on middle management within the public service. The skills- and experience-gaps of junior officers who do not possess the requisite skills or experience can be partly countered through training programs. Regular job attachments with overseas agencies and Commonwealth and State agencies can provide valuable job-experience. It is recommended that AusAID should expand its current scholarship program to encompass these areas as well.
3. Specialised trainings/programs to be identified for professionals (eg. Lawyers, accountants, etc) in PNG to undertake to accommodate Australia's concerns in the region. These may relate to issues such as trans-national crime, money laundering, counter terrorism, child abduction (Hague Convention applications), corruption, etc. These will in a way address the wider concerns on good governance and security.
4. Program should be expanded to include Technical and Vocational skills training as well.

#### **IV. COMMENTS ON THE TERMS OF REFERENCE**

##### ***General Comments***

- The Pacific Paradox. Papua New Guinea continues to be a recipient of large aid from Australia and has relatively high levels of public investment, but these have not delivered tangible results. The question is why?

- A significant part of problem is rooted in weak state capabilities arising from weak institutions, perverse incentives and relatively low levels of human capital.
- Overarching goal must be poverty reduction (the expansion of opportunities and choices). However, the evidence suggests that the role of aid in poverty reduction plays a subsidiary role to that propagated from internally generated dynamic growth.
- The impetus for change and improvement must be internally generated for it to be effective and sustained. The issue of how political ownership is engendered is a complex one. The recent electoral reforms may encourage politicians to broaden their concern towards their whole electorate rather than just their parochial supporters.
- Non-state actors stakeholders can be important agents of change. Their participation and voice has been subdued. While this may be a political sensitive, there may be a role for donors, such as AusAID to support the incorporation of non-state actors in a governance framework.
- Rules of game need to be reshaped. Not only incentives that encourage probity and efficiency but also tougher penalties so malfeasance and passivity discouraged.
- Continue to support reform efforts that rebuild the integrity and capabilities of the public expenditure management system. This theme forms a central plank in the *Medium Term Development Strategy*.
- Australian aid is broadly aligned with Papua New Guinea's priorities but the delivery mechanisms are not aligned with her systems and procedures.
- Parallel systems of aid delivery and monitoring discourages ownership by Papua New Guinea. Future costs of investments (such as maintenance) not fully internalized and incorporated within medium term budget frameworks.
- The movement towards sector-wide approach is welcomed but the major donors have yet to adopt a joint assistance strategy for Papua New Guinea. Australia can adopt a leading role in this initiative.
- AusAID can continue to work to build state capacity with training at all levels and aimed at different skills (from generic to technical). AusAID can also fill gaps pending capacity creation. Provision of technical advisers to Ministers allowing contestability of policy advice. (This may be politically sensitive.)
- Short-term work attachment in the Australian civil service has a relatively important role. Much can be gained from exposure. Seeing how things are done elsewhere and then applying those methods, suitably adapted, in Papua New Guinea.

### **Public Service Delivery**

- The structure of the (medium-term) expenditure budget needs to be reshaped. The demands on public resources will increase in the future due to the emerging HIV/AIDS epidemic and other demographic factors, such as population growth.

- Resources need to be freed, from non-discretionary expenditure, to be redirected towards priority areas identified in the *Medium Term Development Strategy*. The chief area for savings is the personnel cost category.
- Continue with progress towards result-oriented culture within public service (ie move in direction of performance budgeting). Conditions within the public service are not conducive for the wholesale adoption of performance budgeting with greater accountability necessary.
- Greater resources, both manpower and financial, need to be transferred from central to provincial governments. Provincial infrastructure needs to be improved before this can happen.
- Push forward with public sector reforms and particularly implementation of the recommendations of *Rightsizing the Public Sector* report.
- However, the rightsizing report only reshapes the structure of the public service and does not seek to alter the “rules of the game”. Dealing with the incentive structure requires profound changes, which will need expert advice that can be provided or mobilized and financed by donors.
- Amongst the changes needed are those that will tackle moral hazard and adverse selection problems in human resource management. The lack of accountability in the performance of civil servants and the difficulty in removing non-performing officers leads to a culture of mediocrity and institutionalizes non-performance.
- The adverse selection problem arises in a number of ways. One relates to a retrenchment program, which in past programs has not carefully distinguished between effective and less competent officers leading to the loss of skilled manpower, which in some instances reentered the public servants as expensive consultancies.
- Moreover, public sector redundancies entitlements are generous (compared to the private sector) and leads to a blanket restriction on retrenchment due to the costs.
- Reducing retrenchment entitlements will allow the numbers of public servants to be pared down and create fiscal space. This could be combined with better remuneration for public servants, which will not create immediate savings but creates fiscal space in medium term by promoting more effective and efficient civil service.
- Concentrate on education and health investment (these have long gestation period, but are an investment in the future of Papua New Guinea) as well as transport infrastructure.
- Privatization should continue. There is, for example, a clear need to reduce the costs and expand the services available for many utilities, an obvious example is Telikom.
- Continued scrutiny and surveillance and public reporting of budget implementation of revenue-raising and spending agencies will play a strong role in achieving better budgetary outcomes. Ministers should be held accountable for the performance of agencies under their portfolio and agency heads need to be sanctioned for non-performance.

## Securing Economic Growth

- The *Medium Term Fiscal Strategy* and the *Medium Term Debt Strategy* are policy frameworks that are sound and if adhered to should yield continued macroeconomic stability, which is a prerequisite for growth.
- Need to push cash-economy growth above population growth if living standards are to be raised and increased opportunities generated for Papua New Guineans.
- Growth must be broad-based the returns of growth permeate into informal and rural-based economy which accounts for the livelihood of 80% of Papua New Guinea's population. Equity issue can be addressed through better service delivery.
- Government capacity is limited and caution is necessary so as not to over-burden an-already stretched public sector machinery.
- The appropriate role of Government, given its capacity constraints is to concentrate on providing an enabling environment through the provision of public goods and addressing market failures.
- Government role is not to pick winners but to focus on securing the development of key intuitions that will foster property rights and law and order, and re-establish the integrity, capabilities, and probity of the public sector, as well as providing market infrastructure, public health and basic education.
- The enabling environment will help to address structural and systemic constraints on private sector investment and risk-taking.
- The *Medium Term Development Strategy* sets out what the Government's priority areas are. There are other areas that may be important and these include land tenure and investment in vocational skills.

## Law and Justice

- PNG should be encouraged and supported to establish the Human Rights Commission (HRC) with specific attention to the constitutional framework.
- The newly created Constitutional & Law Reform Commission does have a major role in addressing some of the legislative changes that impact on human rights and security issues and should be supported by AusAID. Many of our laws are outdated and seriously needs to be reviewed.
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- The Public Solicitor need support to fulfil its mandate of enforcing the rights of Papua New Guineans and fighting human rights abuses. Both adequate funding and proper training of lawyers and enforcement officers are required. Training should be directed towards the area of human rights abuses rather than general advocacy training. Expanding the availability of legal service provided by the Public Solicitor in other parts of the country should be supported by AusAID.
- The current Law and Justice Sector Program should continue with Australian involvement. However, an assessment of whether program



activities and projects have been achieved. Papua New Guineans should be encouraged to participate in these and similar reforms.

- A vibrant and effective police force is a prerequisite for development. The policing component of the Enhanced Cooperation Program should be reinstated to support the needed reforms within the Royal Papua New Guinea Constabulary. The 2004 Report of the Royal Papua New Guinea Constabulary Administrative Review Committee proposes an action plan for reform and this may serve as a basis for structuring future AusAID involvement. Community policing has the potential to assist in the fight against crime and disorder.
- The Family Law project with Australian International Family Law Section/Division in the Attorney Generals Department should continue. Changes to accommodate parental kidnapping, reciprocal enforcements, the status of administrative issued orders in PNG, etc. Many Papua New Guinea parents have children in either Australia or other countries (mostly Pacific island countries) and that it is difficult to address the issue of parental kidnapping when children are taken by one of the parents to another country. The Melanesian countries have identified this issue and are working towards a common reciprocal scheme. The International Family Section in Australia should be assisted in its desire to assist Pacific island countries. PNG has benefited in such an arrangement mid last year and is awaiting further response from Australia on this issue. There must be continuity of such projects if there is to be any significant progress.
- PNG has, through AusAID, attended the numerous working groups that emanated from the Bali Processing. It is an aspect that is worth special mention because it is a practical solution to some of the issues back in PNG. For example, officers attending the Legal Issues Working Group were able to discuss PNG's draft legislations on security aspects (such as proceeds of crime, mutual assistance in criminal matters and extradition) while at the same time consider proposals to enable it to meet international requirements and concerns. This is the kind of area where funding should be made available. Similarly, the Migration Act has undergone some changes to reflect concerns on trans-national crime issues.
- Wider aspects of security in the region should be addressed at the earliest. Participation at regional meetings and workshops such as FRSC and PILOM should be mandatory for all island countries. Relevant persons with the desire to participate and take action should be identified and supported by AusAID. In most instances, some people just attend for the sake of travelling and not much is generated back in their countries.
- PNG has participated in a number of APEC workshops on anti-corruption, FRSC, Pacific Law Officers and other similar meetings. While it is a workshop/meeting that is sanctioned by another donor,

AusAID should also consider sponsoring more participants from PNG for such workshops. Currently, it seems that donors are only restricted to the extent to which they organise the workshop, meeting etc. This should not be the case because we share a common purpose and as such, funding assistance should be provided as a whole.

- As part of the Proceeds of Crime Act, IMF/AMLAT have assisted PNG by conducting a technical needs assessment on the establishment of the Financial Investigation Unit. This institution needs adequate funding and other assistance to discharge its duties efficiently and diligently. AMLAT continues to provide assistance and it should be supported in its initiatives for island countries. More awareness is needed in other parts of PNG on the reporting requirements. It would be ideal for an officer from PNG to be based with AMLAT to assist in such projects.
- The ECP needs to be closely re-examined and the constitutional issues carefully implemented. This case shows the extent to which certain rights under the Constitution can be regulated or limited. The benefits of the ECP non-policing component have varied between different government departments but has been satisfactory overall. An example worth citing is in relation to the passage of the three Bills, namely Proceeds of Crime Act, Mutual Assistance in Criminal Matters Act and Extradition Act, where ECP officers were involved in drafting and awareness workshop in four different locations in PNG.
- The use of aid to facilitate Australia's concerns in PNG should not be the paramount consideration in foreign relations between both countries. The Moti incident and the Manus Detention Centre are issues that show how aid's prime role to fostering development can be subjugated by Australia's concerns on certain issues. While we note the significance of Australia's concerns, we urge recourse to other measures which do not penalise ordinary innocent people and creates unnecessary anti-Australian sentiment.
- Australia is PNG's most generous aid benefactor, for which we are grateful, but we are concerned that a significant and disproportionate amount of aid funds reverts to Australia in the form of expensive consultancies. We welcome any efforts to address this anomaly to avoid negative media publicity but also to generate greater benefits. Moreover, there are many advisors and consultants engaged under AusAID who do not have sufficient knowledge of PNG law and her varying circumstances, which at worst leads to non-implementation of such work or tasks undertaken by them.
- Bougainville remains an integral part of PNG and the existing national procedures and processes remain in force unless the autonomous government has enacted a similar law. Given the sensitivity and importance of security issues all foreign assistance to Bougainville needs to respect all enduring operational national legislation and the

nature and scope of assistance also merits careful consideration given Bougainville's infant status as an autonomous province.

Respectfully submitted,

Papua New Guinea Canberra Students Association  
8 June 2007