

## Executive summary

Australia's most important development relationship is with Papua New Guinea (PNG). Last year, PNG celebrated 40 years of independence. In Australia, this has contributed to a period of reflection regarding the nature and future of Australia's relationship with PNG, including the effectiveness and delivery of Australia's aid program. This discussion has included the release of Sean Dorney's Lowy Institute Paper, *The Embarrassed Colonist*, contributions to the ANU Development Policy Centre's blog and commentary within PNG. This conversation has benefited the committee's understanding of the Australian aid program to PNG and highlighted the importance of getting the key policy settings correct.

Last year was also the deadline for the Millennium Development Goals (MDGs) through which the international community set a number of key development targets to be reached by 2015. Unfortunately, PNG did not meet any of the MDGs and some key development indicators appear to be stagnant or slipping. Economic growth in the last decade has not translated into improvements for the most impoverished people in PNG. Substantial effort will be required if PNG is to make progress toward the next set of internationally agreed development targets, the Sustainable Development Goals.

In general, Australians have a limited understanding and knowledge of their nearest neighbour and its people. However, during the inquiry, the committee has been impressed by contributions of the many Australians involved delivering Australia's aid program to PNG. It is clear there is a 'tribe' of dedicated public servants, passionate aid workers, volunteers, church leaders, business managers and others committed to the success of development outcomes for the people of PNG.<sup>1</sup> For example, the committee met with volunteers from the YWAM medical ships which provide health care and training services to remote and isolated areas of PNG. Two of its vessels are currently undertaking outreach activities in the Madang Province of PNG.<sup>2</sup>

The Australian aid program has delivered approximately \$5 billion in development funding to PNG over the past decade. Over time Australia's aid program has shrunk as a proportion of PNG's economy and it is likely to shrink further over the coming decades as PNG continues to grow. Australia's aid budget has also been reduced in recent years, including the funding for PNG. The PNG Government's capacity to encourage development has been impacted by falling revenue and lower economic growth. This situation has raised a number of questions and issues regarding the best way for Australia to continue to assist development in PNG.

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1 A term used by Ian Kemish, 'PNG is changing and we need to keep up', Debate: The Embarrassed Colonialist, *Lowy Interpreter*, 23 February 2016.

2 YWAM Medical Ships, 'YWAM's Medical Ships half way through successful outreach', *Media release*, 19 April 2016.

The delivery and effectiveness of Australia's aid program will have a significant impact on the future of the people of PNG. It is time for Australia to renew its commitment to development in PNG through the aid program. Increasing and improving Australia's support to development in PNG is not only the right thing to do, but it is also in Australia's long-term national interest.