

Chapter 1

Introduction

Referral of inquiry

1.1 On 4 December 2014, the Senate referred matters relating to the delivery and effectiveness of Australia's aid program in Papua New Guinea (PNG) to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 26 November 2015.¹ The Senate subsequently extended to reporting date for the inquiry to 12 May 2016.²

1.2 The terms of reference for the inquiry are as follows:

The delivery and effectiveness of Australia's bilateral aid program in Papua New Guinea (PNG), with particular reference to:

- (a) the political, economic and social objectives of Australia's aid;
- (b) the role of multilateral and regional organisations, non-government organisations, Australian civil society and other donors;
- (c) scope for increasing private sector involvement in sustainable economic growth and reducing poverty;
- (d) scope for expanding private sector partnerships in leveraging private sector investment and domestic finance;
- (e) improving PNG's progress towards internationally-recognised development goals;
- (f) supporting inclusive development by investing in good governance, health and education, law and justice and women's empowerment;
- (g) establishing realistic performance benchmarks to assess aid outcomes against set targets and to improve accountability; and
- (h) the extent to which development outcomes in PNG can be improved by learning from successful aid programs in other countries.

Conduct of the inquiry

1.3 The committee advertised its inquiry on its website, and in *The Australian*, calling for submissions to be lodged by 27 March 2015. The committee subsequently extended the closing date for the receipt of submissions to 24 April 2015. The committee also wrote directly to a range of people and organisations in Australia and PNG likely to have an interest in the matters covered by the terms of reference, drawing their attention to the inquiry and inviting them to make written submissions.

1 *Journals of the Senate*, 4 December 2014, p. 1987.

2 *Journals of the Senate*, 23 November 2015, p. 3419; *Journals of the Senate*, 22 February 2016, p. 3749.

1.4 The committee has received 51 submissions to the inquiry. These submissions are listed at [Appendix 1](#) and all submissions were made available on the committee's website at: www.aph.gov.au/senate_fadt.

1.5 Public hearings for the inquiry were held at Parliament House in Canberra on 21 September 2015, 22 September 2015 and 27 November 2015. Responses to questions on notice from those public hearing and other additional information received are listed at [Appendix 2](#). Witnesses who appeared at the public hearings are listed at [Appendix 3](#).

Structure of report

1.6 The report is structured into six chapters to reflect the terms of reference and the evidence received:

- Chapter 2 provides a background and an overview of Australia's PNG aid program;
- Chapter 3 examines the objectives and delivery of the Australian aid program in PNG;
- Chapter 4 considers a number of key areas where PNG's progress to development goals can be improved;
- Chapter 5 considers the appropriate role of the private sector engagement and private sector partnerships in Australia's PNG aid program; and
- Chapter 6 looks at benchmarks and accountability issues, as well as development research in PNG and what can be learnt from other foreign aid programs.

Acknowledgements

1.7 The committee thanks all those who contributed to the inquiry by making submissions, providing additional information or appearing at the public hearing to give evidence.

Note on references

1.8 References to the committee *Hansard* are to the proof *Hansard*. Page numbers may vary between the proof and the official *Hansard* transcript