



**ACTU SUBMISSION TO SENATE INQUIRY  
INTO AUSTRALIA'S RELATIONSHIP WITH  
PAPUA NEW GUINEA AND OTHER  
PACIFIC ISLAND COUNTRIES**

**July 2002**

This submission to the Senate Inquiry into Australia's relationship with Papua New Guinea and other Pacific island countries has a focus on Australia's development co-operation relationship with Papua New Guinea and the various States of the Pacific Island region.

The Australian Council of Trade Unions has had a long relationship with the union movement of Papua New Guinea (PNG). Over time we have become increasingly concerned over the magnitude of the problems confronting the workers and the general community of PNG.

In recent years the ACTU and its affiliated unions have visited PNG on a number of occasions and met with a range of unions along with community leaders from a number of other institutions. Whilst there are some positive signs regarding conditions facing workers, their families and the general community the overall picture remains very challenging.

Areas of concern include :

- i) Unemployment remains very high with estimates of levels above 50% in urban areas
- ii) Living standards are falling with the minimum wage rate (and wage rates generally) failing to match inflation
- iii) The economy has a narrow base of low value-added agriculture, mining and general services. It is not growing at a rate which could alleviate the problems set out in (i) and (ii) and the development of the important mining and petroleum sectors appears to be in decline
- iv) Corruption has become a major problem and needs to be tackled from the top down
- v) The position of women in PNG society is that of second-class citizens with few employment opportunities, lower paid jobs and a lesser likelihood of receiving a good education
- vi) There is little or no access to publicly provided services such as free education, health care and social security. The services that are in place suffer greatly from factors such as inadequate funding, outdated technology and lack of equipment/medicines
- vii) A major public health problem exist with the spread of HIV-AIDS which has the potential to devastate the health system and cause major social and economic costs
- viii) The national infrastructure remains in great need of development with the road and communications systems in particular requiring substantial investment

- ix) The environment of PNG is under threat in a number of areas with unsustainable logging practices (partly related to corruption) and bad practices by some mining companies
- x) The maintenance of democracy is under challenge with some institutions such as the armed forces at times acting in their own interests rather than accepting the decisions of the elected government
- xi) Crime is widespread with corruption, inadequate law enforcement, drugs and social problems leading to a disregard to life and property
- xii) The IMF/World Bank policies which have lead to the privatisation program relating to PNG airlines, harbour facilities, the national bank, and water and electricity utilities, as well as intervention in matters such as the District Development Program Grants and the Integrity of Political Parties and Candidates Act have not achieved the stabilising economic, political or social results promised.

## **Pacific Island Countries**

The general comments made regarding Papua New Guinea could be repeated for many of the Pacific Island countries. Political instability, lack of respect for the law and democracy, increasing crime rates, growing corruption and falling living standards are among the problems confronting a number of countries of the region. Added to that are the facts that populations are small in number, countries are relatively isolated by long distances from larger population centres and economies are small and not highly developed.

The circumstances outlined above provide the basis for social and political instability in our region. They can lead to lawlessness, civil strife and the growth of organised crime and terrorist networks which seek to feed on poverty and disadvantage.

## **Health Standards**

The health standards in PNG are poor for the general populace and becoming worse. Nurses and doctors are underpaid (and sometimes not paid), drugs are in short supply and modern medical equipment either not available or in disrepair (such as in late 2001 all cancer-curing radiotherapy machines being out of order throughout the country). The outcome of a failing health system in the country is low life expectancy (around 58 years), high infant mortality and a large proportion of the community having chronic health problems with treatable conditions.

The public health system is under heavy pressure with long waiting times for user pays but subsidised treatment and the absence of appropriate medication and technology. The bulk of the population use the public system with the upper income 20% having access to private medical clinics or alternatively treatment in Australia, both of which offer a much better standard of care.

HIV-AIDS remains a major problem in PNG with tens of thousands of female and male victims to date and a high rate of continuing infections. For those without money HIV-AIDS means being sent home to live out their remaining life – there are virtually no facilities or drugs available to treat those infected. HIV-AIDS' victims are also shunned by their communities and/or their families and they often die a lonely death.

Australia is commencing a \$60 million program to assist PNG to bring the epidemic under control however a number of views expressed to the delegation were that the overall effort is late and may have little effect. **Scope exists for trade union involvement in an AIDS education program to deliver programs direct to workers.**

## **Education**

Until the 2002 PNG budget the education system was on a user pays basis from the earliest primary years right through to university. Fees were payable up-front in advance with primary years being 30 Kina a year and higher levels in later years. Because of the inability of the poorer section of the community to pay, children often could not attend school or, if choices have to be made, male children are sent with girls kept at home.

Examinations are undertaken at years 8 and 10 with only the most able students proceeding to higher levels.

Education is essentially academic with inadequate opportunity for vocational development during schooling or on graduation.

Facilities at many schools are poor (especially in rural areas) with no library or textbooks, no paper/chalk/pens etc.

## **Australian Aid**

The Australian aid program is considered critical for the future of PNG. The ACTU understands that around one third (\$300 million per annum) of our overseas aid is provided to PNG for specified project work.

Although the aid is referred to in PNG as “boomerang” (because much of it returns to Australia as wages or equipment purchases) it is highly valued.

The number of “overpaid”, underqualified consultants associated with the AusAid program has been a source of criticism along with the lack of work given to PNG firms.

Little or none of the AusAid funding has been provided to improve labor standards or union development in recent years.

The ACTU is of the view that greater efforts must be made by Australians to assist with the development of institutions which can help build a society in PNG which

offers higher living standards, opportunity and social protection to its community, and which values democracy more highly.

At present the PNG union movement is relatively small, under-funded and does not have access to skills development training in areas such as enterprise bargaining, organising members and union administration.

**The ACTU is prepared to use its resources, contacts and experience to work with the PNG union movement to enable it to develop as an institution of integrity, which effectively represents the interests of working people through democratic structures and effective relationships with employer bodies and governments. However to undertake this work, access to AusAid funding will be required.**

## **PNG Trade Unions**

The total affiliated membership of the PNG TUC is around 45,000. Two major unions are non-affiliates, the Public Employees and the Teachers who between them have around 34,000 members. All-up union membership appears to be around 80,000.

The PNG paid workforce is thought to be around 300,000 – 500,000 (no definite figures were available) which would mean a union membership level of around 20-30% of the workforce.

There are two unions which are not affiliated to the TUC – they are the Public Employees Union (PEA) and the Teachers Union. The PEA is a relatively wealthy union with 20,000 members covering mostly public employees. It operates a number of commercial ventures including the PNG Avis franchise, an insurance company, and a small loans facility. It has a number of staff involved in media, industrial, research and administrative work.

The Teachers union has 14,000 members out of a total of around 30,000 teachers. The responsibility of the teaching is essentially that of the national government although the provinces (19 in total) have a part of the responsibility for the early school years. The major industrial issues are wages and worsening conditions as the national economy deteriorates. Teacher's wages have lost real value while benefits like the provision of housing are disappearing due to government failure to maintain or invest in such infrastructure. Education beyond the early years is available on a "user pays" basis following an IMF conditional rescue package several years ago.

The Nurses union has 4,000 members out of a potential 7,000 and is an affiliate of the TUC. Both the health system and the education system have been chronically under-funded for a decade or more. HIV-AIDS is a major health problem in PNG. Nurses are poorly paid and called on to perform duties that would normally be expected of a qualified doctor. Drugs and equipment are often unavailable, especially in rural areas. As an occupation that is largely filled by women they are subject to discrimination and physical abuse in many instances.

The Maritime Union of PNG covers all aspects of work on and off the wharf. The union covers stevedoring and seagoing labour. The MUPNG are attempting to set up

a credit union in PNG for union members. They are also in a joint venture with the PEA and community groups owning Workers Mutual Group 70%, PEA 20%, and 10% community based. WMG's buy-out of HIH PNG took place on the 23<sup>rd</sup> October 2001. HIH PNG moved away from HIH Australia earlier in the year. Through WMG members have their own medical centre giving them access to a doctor with a 90% rebate to all members and their families. The MU PNG is also attempting to start an industry based superannuation scheme.

As a consequence of recent visits to unions in PNG the ACTU has begun the development of two assistance programs for PNG workers :

- i) A general trade union training program which would be available to union officers and activists. Initial funding is being sought through the International Labor Organisation (ILO) of around \$70,000
- ii) A women in unions project which would address the role of women in the PNG union movement and encourage more women to become active and affect positive changes for women in the workforce. Funding required for this project is around \$30,000 per annum

The total cost of these two programs (once established) would be in the vicinity of \$100,000 per year. In the context of an Australian \$300 million dollar annual aid budget it is a relatively small amount.

At present the ACTU is endeavouring to facilitate the funding for the two PNG projects outlined above. We have approached the ILO to commence the funding of the general union development project and are considering a limited range of options for the women's projects.

**It should be noted by the committee that :**

- **None of the \$300 million of Australian aid to PNG is spent on development activities for workers' organisations**
- **Many other countries have a specific fund through which the government channels public monies (usually through the National Union Council) to promote union development, workers' rights and democratic workers' organisations. Examples of countries which provide funding for labour related projects in our region are :**
  - **United States of America (Indonesia, East Timor)**
  - **Canada (Thailand, Indonesia)**
  - **United Kingdom (Indonesia) \***
  - **Denmark (Thailand)**
  - **Japan (various countries)**
  - **Netherlands (Indonesia)**
  - **Germany (Indonesia)**

\* **Scheme currently being restructured**

- **Since 1996 there has been a lack of assistance from AusAid for union development projects supported by the ACTU excepting to the extent they have given valued support to general humanitarian work undertaken by Australian People for Health, Education and Development Abroad Inc (APHEDA), the overseas aid organisation associated with the ACTU. There is a need for AusAid and the ACTU to constructively re-examine opportunities for union development work**

## **South Pacific and Oceanic Region**

The ACTU has been involved with the South Pacific and Oceania Council of Trade Unions (SPOCTU) which was a Council of the union movement set up to service the training and development needs of unions throughout the region. SPOCTU was staffed by two officers plus administrative help who worked from Brisbane. Its total funding needs on an annual basis was around \$200,000 which was provided from the International Confederation of Free Trade Unions (ICFTU, the union federation, Public Services International, and the International Labor Organisation (ILO). Due to financial pressures these organisations scaled back or reduced their contributions in the period 1994-1996 which led to the demise of the full-time staffing of the organisation. Since that time there has not been an effective program to assist workers develop democratic institutions to represent their interests.

## **Conclusion**

There is a need for Australia to do more to build support structures for those who believe that the rights of citizens to live in peace in a fair and democratic society should be respected. One such support structure is democratic unions which can represent the needs of people in their workplaces. It is in Australia's interests to provide public funds to the ACTU to allow it to expand its work in developing such organisations.

The ACTU and its affiliates currently expend significant resources directly and indirectly in promoting humanitarian aid and union development in the Asian Pacific region. In the case of the ACTU the monies expended each year include :

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| ▪ Australian People for Health, Education and Development Abroad           | \$160,000 |
| ▪ Affiliation fees to the International Confederation of Free Trade Unions | \$350,000 |
| ▪ Affiliation fees to the Commonwealth Trade Union Council                 | \$40,000  |

Affiliates currently expend many hundreds of thousands of dollars on additional program of assistance for union development and humanitarian work. To fund an ongoing program of union development in both PNG and the South Pacific would require around \$200,000 per annum. In the context of Australia's overall overseas aid program it is a small amount.

There is a need for the strong economies of the region (Australia, New Zealand) to meet the financial cost of establishing programs which can contribute to the

development of sustainable democratic organisations to represent workers in PNG and the Pacific Island States.

**The Committee should note ;**

**Australia has had an historical connection to Papua New Guinea for over 100 years. It is our nearest neighbour, we administered the country for over 50 years, many Australians worked in PNG in a variety of capacities, we fought there in wartime and we promoted independence in 1975. Our relationship with the Pacific Island States is similar to that of PNG.**

**PNG is a relatively small country with around five million people, English speaking and with daunting social and economic challenges. Its people look to Australia for help and assistance to make progress in the future.**

**For a number of years Australia has not been able to provide assistance for the development of the PNG union movement in any significant way. The need is clearly there for us to do more. The time has come for a major effort over the next decade or more to provide stronger friendship and assistance to the PNG and Pacific Island workers and their unions.**

**Just as there is a need to undertake work to help build worker organisations in Papua New Guinea a similar need exists for the Pacific Island nations.**

**The Senate Inquiry should acknowledge the need for Australia to do more to assist with the development of democratic institutions to represent working people in our region and propose that AusAid funding should be made available for suitable projects which can help to achieve that end.**