



**Response of the Australian
Government**

**to the Senate Foreign Affairs, Defence
and Trade Reference Committee
Report (Volumes I and II)**

**on the
Economic and Security Challenges
facing Papua New Guinea and the
island states of the south west Pacific**

May 2011

Department of Foreign Affairs and Trade

RESPONSE OF THE AUSTRALIAN GOVERNMENT

to the

Senate Foreign Affairs, Defence and Trade References Committee Report

Volume I: Economic challenges facing Papua New Guinea
and the island states of southwest Pacific

Recommendation 1

The committee recommends that the Australian Government continue to fund research and development on sustainable development in Pacific island countries. The committee recommends further that the government through AusAID ensure that individual research projects working to improve agriculture and land use practices are part of a wider strategy that enables the results of research to reach a broader range of producers including those in remote areas.

Response

Accepted

Australia will continue to fund research and development on sustainable development in Pacific island countries. Australian assistance to agricultural research and development is largely conducted by the Australian Centre of International Agricultural Research (ACIAR). ACIAR's mandate is aimed at developing research and development capacity building in partner developing countries (including the Pacific) and targeted research and development interventions aimed at sustainable development. In 2010-11, 17.8 per cent (\$10.1 million) of ACIAR's research and development project budget was allocated to PNG and the Pacific.

ACIAR plans to continue research and development activities in the areas of improving food and nutritional security; integrated and sustainable agriculture, fisheries and forestry resource management and development; improved biosecurity; and increased trade in agriculture, fisheries and forestry products. ACIAR will continue to collaborate with AusAID to ensure that research projects working to improve land use practices are part of a wider strategy that enables the results of research to reach a broader range of producers including those in remote areas.

Recommendation 2

The committee recommends that the Australian Government take an active advocacy role in the Western and Central Pacific Fisheries Commission urging Distant Water Fishing Nations to make a greater contribution, commensurate with their fishing operations in the southwest Pacific, to the costs of managing fish stocks in the region.

Response

Accepted

The Government supports the aspirations of Pacific islands countries to develop their domestic tuna fisheries and maximise the flow-on benefits from both domestic and foreign fishing operations in the region. The Government is working through the

Western and Central Pacific Fisheries Commission (WCPFC) and a number of other bodies to strengthen the engagement of Pacific islands countries in the management of Pacific tuna resources, which are fished by some of the world's largest fishing nations.

The financial contributions by members of the WCPFC are largely commensurate with their catch, with the most active and developed fishing nations contributing the largest amount. In 2007-08¹, the distant water fishing nations - Japan, Chinese Taipei, Republic of Korea, United States of America, European Community, China and Canada met 71 per cent of the WCPFC's budget, while taking 52 per cent of the total catch in the Convention area for the same period. Australia contributed 1.9 per cent of the WCPFC budget in 2007-08 and took 0.24 per cent of the total catch.

The Government is supportive of further voluntary contributions by distant water fishing nations targeted at improving the conservation and sustainable use of highly migratory fish stocks in the western and central Pacific.

Recommendation 3a

The committee recommends that the Australian Government consider whether it may be necessary to review the legal and policy framework required in the event that regional communities may be forced to resettle as a consequence of changes in climate.

Response

Accepted

The Government fully supports the Niue Declaration on Climate Change, agreed by leaders of all Pacific Islands Forum countries in August 2008, which recognises the desire of Pacific peoples to continue to live in their own countries, where possible. Australia will support them to do this by helping shape a global solution to reduce emissions and providing practical assistance for building resilience to the impacts of climate change.

The Government routinely assesses the capacity of Australia's legal and policy frameworks to deal with potential challenges arising from climate change and its relationship to population movement. In the longer term, the situation may arise where permanent migration could become an option for some Pacific islanders. In these circumstances, Australia will work in close consultation with the region to ensure that Pacific islanders' vital interests - economic, social and cultural - are paramount.

Recommendation 3b

The committee also notes that currently AusAID is reviewing its Humanitarian Action Policy. The committee recommends that AusAID take this opportunity to consider whether it is necessary to incorporate in its Humanitarian Action Policy emerging legal and humanitarian matters associated with climate change.

Response

Accepted

¹ 2009 catch figures were not available at the time of publication.

Australia's Humanitarian Action Policy will recognise the significant challenge of climate change in the Pacific and elsewhere, and the need to enhance and adapt Australian and international humanitarian preparedness and response capacity to meet this challenge.

Recommendation 3c

The committee recommends further that the Australian Government review the need for an education and training program designed specifically to assist those communities in the region most at risk from the damaging effects of changes in climate. The intention would be to determine how best to assist people to remain productive members of their community in a changing environment.

Response

Accepted

In 2008 the Government announced its *International Climate Change Adaptation Initiative* to support adaptation-related capacity building at national and community levels. In the Pacific this includes support for higher education and scholarships to the University of the South Pacific. The first 10 scholarship holders commenced study in 2010. Up to 26 scholarships (10 masters and 16 postgraduate diplomas) will be provided over two years.

Through the Initiative, the Government is also contributing \$6 million to the *Mekong and Asia-Pacific Community-based Adaptation Program* including approximately \$4 million for Pacific islands countries and East Timor. This program will implement small-scale, local community-based adaptation measures. This is complemented by the Government's *Community-based Adaptation Activity Grants* made available to Australian and international NGOs to work with local organisations in the Pacific to scale up current successful community-based adaptation activities or to build an adaptation component onto existing activities.

Recommendation 3d

Finally, the committee recommends that the Australian Government ensure that environmental matters including climate change be integrated more effectively throughout its aid programs to the region. This means that prevention and adaptation measures addressing the adverse effects of natural disasters and climate change would be considered when formulating policy and designing ODA projects, for example in the resource development, infrastructure, education, health and governance sectors.

Response

Accepted

The Government has prioritised the integration of environment and climate change considerations across its development assistance program in the Pacific, with the purpose of protecting and improving the environment and reducing the risks of climate change and environmental degradation to vulnerable communities.

AusAID is working to improve each stage of the design and implementation of development assistance through training, guidance material and expert advice on integrating environment and climate change concerns. AusAID's quality processes

and environment management system are being updated. In-house training for staff based in recipient-countries and in Canberra is being conducted to improve staff knowledge and skills. Support for climate change adaptation will also be integrated into Australia's Partnerships for Development with Pacific islands countries, through which mutually agreed priorities for Australia's development assistance are determined.

The Government recognises the close links between disaster risk reduction and climate change adaptation approaches. The Government will ensure that all support under its Disaster Risk Reduction policy is closely aligned with Australia's approach to the environment and climate change, and implemented coherently. Australia will integrate disaster risk concerns into existing environmental assessment tools and planning mechanisms in the Pacific to ensure coordinated climate change adaptation and disaster risk reduction programming.

Recommendation 4

The committee recommends that the government continue to support the work of the Institute for International Trade in conducting training modules for Pacific islanders. It recommends also that the government consider expanding these courses to include more of the technical issues associated with the non-tariff barriers to trade in the region. Further, that the Department of Agriculture, Fisheries and Forestry and the Australian Quarantine and Inspection Service assist as partners in the development and delivery of such training modules.

Response

Accepted

The Government funds the Institute for International Trade's (IIT) Trade Fellowship Course for Pacific islands country trade officials. The initial Course concluded in August 2010. Following strong endorsement from the region, including at the April 2010 PACER Plus trade officials meeting, AusAID is working with IIT to develop options for further training. Expanding the training to include officials from other trade-related areas, such as customs and quarantine, is under consideration.

AusAID will work closely with other relevant government departments and agencies, including DFAT, DAFF, AQIS and the Australian Customs Service, in relation to future training in the Pacific on technical issues associated with non-tariff barriers to trade.

Recommendation 5

In light of the growing awareness among major donors (EU, US and New Zealand) of the value of using sustainable tourism to assist developing countries alleviate poverty and promote broad-based economic growth, the committee recommends that the Australian Government incorporate this sector as an identifiable program in its ODA policy framework for the region.

Response

Accepted

The Government is supporting the development of the tourism sector in the Pacific on a number of fronts. Australia has partnered with the International Finance Corporation (IFC) to implement a *Pacific Tourism Diagnostic Program*. The Program is designed to identify critical impediments to investment in tourism and provide a structured approach to addressing these constraints, including the design of possible reform responses. In 2010, tourism diagnostic studies were undertaken in six Pacific countries, to provide a base for dialogue and demand-driven development assistance. Leveraging on its global expertise, the IFC has also been working with tourism operators in the Solomon Islands to develop electronic tourism booking systems.

The Government recognises the importance of a skilled labour force to support a growing tourism industry in the Pacific. Specialised training is being provided through the AusAID-funded Australia Pacific Technical College's School of Tourism and Hospitality at campuses in Fiji, Samoa and Vanuatu.

The Government also supports regional institutions such as Pacific Islands Trade and Invest and Pacific Islands Private Sector Organisation, which represent all private sector interests including tourism operators. Tourism operators such as Carnival Australia in Vanuatu and Wilderness Lodge in Solomon Islands have been awarded grants under AusAID's Enterprise Challenge Fund.

Recommendation 6

The committee notes the positive results from the two-year trial of an Australian Pacific Investment Commissioner and recommends that the Australian Government give serious consideration to the re-appointment of, and funding for, a Pacific Investment Commissioner.

Response

Accepted

In November 2008 an independent review of the Pacific Investment Commissioner noted potential benefits from the Commissioner, but recommended a number of changes including addressing its 'stand alone nature'.

Pacific Islands Trade and Invest (PITI) is undertaking a review and developing a ten-year strategic plan which will be presented to Pacific Islands Forum Trade Ministers in 2011. Future Government support will be considered in the context of this ten-year strategic plan.

Recommendation 7

The committee recommends that the mid-term review of the Australia–Pacific Technical College (APTC) give careful and explicit attention to the criticisms raised by international institutions and by witnesses to this inquiry that regional training institutions are not meeting or anticipating the needs of local business or industries.

Response

Accepted

The mid-term review of the Australia Pacific Technical College (APTC) considered all comments made to the inquiry. This expansion will include a strong focus on the

linkages between APTC and industry to ensure that APTC can be more fully responsive to demand from local businesses, including industry. Partnerships between the APTC and national training institutions are also important to the success of APTC. This will be taken into account in the design of the next phase of assistance of the APTC.

AusAID is ensuring that a growing number of bilateral technical training initiatives with Pacific islands countries strengthen the capacity of both public and private national training institutions in the Pacific. The aim of these initiatives will be to strengthen local training providers' capacity to provide regionally-valued qualifications, by upgrading the skills and qualifications of their staff and providing the basic equipment necessary to train Pacific islanders for national, regional and international labour markets.

Recommendation 8

The committee notes the important role of the non-formal education sector, particularly in PNG, and recommends that AusAID give attention to the role of informal education in formulating and implementing its education assistance policy.

Response

Accepted

Australia responds to Pacific islands country priorities in education, and provides assistance to prepare young Pacific islanders for later life and help them to continue their education or training. Where appropriate and possible, Australia's development assistance responds to requests to strengthen non-formal systems and providers and aligns this assistance with other aid provided to the education and training sectors.

Recommendation 9

The committee recommends that the Australian Government ensure that its scholarship scheme for Pacific islanders complements the education and training priorities as determined by Pacific island countries.

Response

Accepted

The priority fields and levels of study for AusAID's bilateral development scholarships for study in Australia and in the Pacific region are agreed with Pacific islands countries through annual negotiations. Partner governments are represented on selection panels for all bilateral development scholarship programs. In some Pacific islands countries, selections for AusAID scholarships are fully integrated into the partner government's processes. The AusAID Australian Leadership Awards address regional development priorities with candidates selected to undertake relevant study in fields that align to their country's needs.

Recommendation 10

The committee recognises the problem of brain drain in the Pacific region and recommends that the Australian Government fund a study of both its scholarship recipients from the region and graduates from the APTC to obtain a

greater understanding of the nature and extent of brain drain and of the incentives required to retain knowledge and experience in the region.

Response

Not accepted

The Australian Pacific Technical College (APTC) program provides Pacific islanders with Australian qualifications to increase numbers of skilled workers in the Pacific and allows workers to benefit from national, regional and international employment opportunities. Tracer studies are conducted to survey APTC graduates about their work experiences 6-12 months after completing training. Of the relatively small number of survey responses received to date, graduates and employers report that the training has enabled them do their jobs better. Migration figures are not available but anecdotal evidence suggests that it is low.

AusAID's review of the APTC in 2009 concluded it was highly relevant to the Pacific, is responsive to local industry and contributes to the development of a skilled workforce. It found that the APTC was a best practice model for local training providers of technical skills.

Another study on this issue is not likely to tell us more than we already know or to change the measures currently built into scholarships and training programs. All AusAID scholarship awardees are required to return home on completion of their studies for a minimum of two years. In addition, AusAID targets Pacific islands candidates who are most likely to contribute to their country's development.

Recommendation 11

The committee recommends that the review of the Pacific Seasonal Labour Pilot Scheme to be undertaken 18 months and 30 months after its commencement state explicitly in its terms of reference that the review is to consider the following aspects of the scheme:

- **the adequacy of pre-departure and on-arrival briefings;**
- **the cost-sharing arrangements between employers and workers, the costs of sending remittances home, and the effectiveness of the *Reducing the Cost of Remittances Program*;**
- **the success of the training component and the transfer of skills and how these aspects of the scheme could be enhanced - the skills attained in Australia and their relevance to the workforce of the guest workers' home countries;**
- **the economic and social implications for the workers, their families and home countries;**
- **the effect on brain drain from Pacific island countries;**
- **the mechanisms used to monitor employer compliance, guest workers' employment, employment conditions and complaints, their overall effectiveness and their role in policy making and evaluation of the scheme;**
- **the extent to which the scheme is integrated into Australia's official development assistance program for the region and the Pacific Partnerships for Development;**

- **the potential to expand the guest worker scheme to other sectors such as the tourism/hospitality industry; and**
- **the level of cooperation and coordination between Australia and New Zealand in implementing their labour mobility schemes for Pacific islanders and whether they could be improved.**

Response

Partially accepted

The Government has mandated an independent review of the Pacific Seasonal Worker Pilot Scheme. The review will separately examine the Pilot's domestic design and impact and its development outcomes in participating Pacific countries.

The independent evaluation of the Pilot will address most of the issues raised by the Committee in its recommendation. These include:

- the adequacy of on-arrival and pre-departure briefings
- the cost-sharing arrangements between employers and workers
- the transfer of skills
- the economic implications for the workers, their families, their communities and countries
- the mechanisms used to monitor employer compliance, guest worker employment, employment conditions and complaints, their overall effectiveness and their role in policy making and evaluation of the scheme
- the extent to which the scheme is integrated into Australia's official development assistance program for the region and the Pacific Partnerships for Development
- the potential to expand the guest worker scheme.

Recommendation 12

The committee recommends that the Australian Government direct AusAID to formulate a strategic single policy framework to guide its governance program in the Pacific region. The emphasis would be on integrating more effectively the activities of the different departments and agencies engaged in promoting good governance in the region.

Response

Not accepted

The Government has not formulated a single policy framework on governance, as 'governance' is a general term that covers a broad range of activities including law and justice, economic and budgetary arrangements, strengthening civil society organisations and improving public sector effectiveness. Given the diverse range of Australian governance activities across the Pacific in these areas, a single policy framework may not be a useful tool to guide the strategic direction of these activities in the short-term.

Two policy documents provide Australia's framework for key elements of governance: *Australia's Framework for Law and Justice Engagement with the Pacific*, which was launched on 15 June 2010, and the *Pacific Public Sector Strategic Framework*.

Recommendation 13

The committee recommends that the Australian Government establish a strategic framework that encourages the private sector to get involved in providing microfinance and other financial services in Pacific island countries.

Response

Accepted

The AusAID paper on *Financial Services for the Poor: A Strategy for the Australian Aid Program 2010-15* provides a framework to achieve broader access to financial services in developing countries, including the Pacific. The Strategy recognises the multiple layers involved with building financial systems that serve the poor, including private sector suppliers of financial services.

Recommendation 14

The committee recommends that the Australian Government provide for longer-term funding for projects that are to span a number of years, as distinct from year-to-year funding approvals, in order to provide greater certainty in the financial flows to them.

Response

Partially accepted

The Government's Pacific Partnerships for Development are improving the predictability of funding, through the inclusion of indicative allocations in the implementation schedules attached to Partnership agreements. Multi-year allocations will generally be specified for between three and five years. Predictability of aid will also be discussed as part of the annual Partnership talks with each Pacific islands country. Support to sector based approaches with long-term timeframes is another way AusAID is providing greater certainty about aid flows.

While Australia aims to provide long-term indicative amounts, actual allocations are dependent on annual Australian Budget appropriations which are announced in May and cover the financial year July to June.

Recommendation 15

The committee recommends that the Australian Government take decisive steps to encourage and support state, territory and local governments to participate in Australia's ODA. Further, that Australia's aid policy framework not only recognise the work of all levels of government its ODA program, but includes their activities as a vital part of Australia's whole-of-nation contribution to the region.

Response

Partially accepted

State, territory and local governments are already encouraged to participate in the Australian aid program.

The AusAID-funded Pacific Public Sector Linkages Program provides grants to Commonwealth, state and territory government agencies to undertake development projects with their Pacific counterparts. The program was first opened to state/territory governments in 2009-10. Four projects proposed by state governments were selected in 2009-10. Five applications have been received from state governments for the 2010-11 funding round, on which outcomes will be decided in the first quarter of financial year 2010-11.

Australian local government involvement in the Pacific is supported through AusAID-funded *Commonwealth Local Government Forum Pacific Project*. Nine Australian local councils have partnerships with seven local government authorities in Papua New Guinea, Tuvalu and the Solomon Islands to improve governance and service delivery.

Recommendation 16

The committee recommends that the Australian Government through AusAID produce a bridging document for its ODA in the Pacific that connects the immediate objectives of specific programs with higher level objectives - as articulated in the White Paper, the MDGs and the Pacific Plan. It should be a strategic plan with an emphasis on 'how' in practical terms the immediate objectives of programs would make a tangible contribution toward achieving these higher level goals.

Response

Accepted

The Government's 2008 Port Moresby Declaration focuses on higher-level development outcomes while the Partnerships for Development and Security Partnerships provide a framework for Australia to commit jointly with Pacific partners and articulate the mutual commitments made at the prime ministerial level to achieve these goals.

The Partnerships identify priority areas for Australian aid and other assistance alongside Pacific partner engagement, in areas such as education, public sector reform, transport infrastructure and law and justice. Each priority area has an implementation strategy for how the outcomes are to be practically achieved. These implementation strategies provide the link between the higher level objectives and the practical efforts of Australia through its aid program and Pacific partner governments.

Recommendation 17

The committee also expressed concern about assistance not reaching those most in need. In light of the large proportion of Australian funding to the region that goes to governance, the committee recommends that the strategic plan demonstrate how this aid relates directly to improvement for people in need of assistance.

Response

Accepted

AusAID focuses its governance activities on improving government effectiveness, reducing corruption and maintaining the rule of law. This policy direction is based on international evidence which clearly shows that better governance means higher growth, which in turn means better development outcomes. World Bank analysis suggests that 10 per cent overall improvement in government effectiveness is associated, on average, with a 14 per cent increase in GNI per person.² Therefore, improvements in governance, including improving the quality of public services and the capacity of the public service, will positively affect the lives of Pacific populations, including those in most need.

Recommendation 18

The committee recommends that the Australian Government ensure, largely through AusAID, that the plans for any future development assistance project for the region:

- **recognise and explain the project's role as part of a coherent strategic development plan;**
- **identify companion projects or projects that are complementary and how they are to interact with such projects;**
- **explain measures taken to ensure that when the project ends, the benefits will not fade, including not only the maintenance and upgrading of equipment or infrastructure but capacity building;**
- **take account of forward funding needs;**
- **ensure that the project aligns with the development plans and priorities of the recipient country - that there is no mismatch in objectives; and**
- **demonstrate that close consideration has been given to the activities of foreign donors with a view to achieving greater complementarity and coordination between them.**

Response

Partially accepted

AusAID has recently released a new policy and guidance on the development of country strategies. This will provide greater discipline for AusAID, in collaboration with whole-of-government partners, to develop coherent, focused, manageable and effective strategies for development assistance. Strategy development will focus on agreed development outcomes and the contribution of the aid program to these. It will emphasise the importance of linkages within country programs and the role of external relationships and policy dialogue to build clearly defined, scalable and less fragmented programs.

The Government has taken steps to better coordinate and target its development assistance in the Pacific. Former Prime Minister Rudd joined Leaders at the Pacific Islands Forum in Cairns in August 2009 in endorsing the *Cairns Compact on Strengthening Development Coordination in the Pacific*. As the Forum Chair, Australia introduced the Compact to drive more effective coordination of development resources in the Pacific. The Compact reinforces shared responsibility and accountability between Pacific islands countries and their development partners. It aims to bolster efforts to use national development plans to guide budget and donor

² Data from 2007 from World Bank *World Wide Governance Indicators*; Daniel Kaufman and Aart Kraay, 'Growth without Governance', *World Bank Policy Research Working Paper*, No. 2928, November 2002.

support, better coordinate aid, and strengthen Pacific islands countries' delivery systems and development data. This will contribute to more effective, coherent and sustainable development assistance in the Pacific and support existing regional initiatives such as the Pacific Plan. Australia and New Zealand are working closely with the Pacific Islands Forum Secretariat to implement the Cairns Compact.

The Government has established Pacific Partnerships for Development with eleven Pacific islands countries (Kiribati, Nauru, PNG, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, the Federated States of Micronesia, Republic of Marshall Islands and Palau). These Partnerships provide frameworks for Australia and Pacific governments to work in close cooperation to meet common challenges and achieve better development outcomes for Pacific islanders. The priorities outlined in the Partnerships form the basis of policy dialogue and program development and align with the priorities identified in national development plans. Schedules to the Partnerships determine the priority sectors for engagement and take into account other development partners' activities.

Recommendation 19

The committee fully supports the work of the Office of Development Effectiveness and recommends that it continue.

Response

Accepted

Recommendation 20

The committee recommends that the Office of Development Effectiveness evaluate the success of a few projects two to three years after their completion and use them as case studies on the durability of Australia's assistance to the region. The office's analysis and findings on these case studies are to be included in its annual review.

Response

Accepted

The Office of Development Effectiveness (ODE) will continue to test the durability of Australia's official development assistance in the region and beyond by commissioning independent reviews and evaluations that focus on improving the long term effectiveness of the Australian development assistance program.

All ODE reviews and evaluations are published and key issues from ODE evaluations inform discussion of aid program performance presented in the *Annual Review of Development Effectiveness*.

Recommendation 21

The committee recommends that AusAID review its training programs for all Australian officers deployed overseas as part of Australia's ODA effort. The review should give particular attention to managing conflicts of interest, working in environments where corruption exists and maximising skill and knowledge transfer.

Response

Accepted

AusAID is currently reviewing its approach to learning and development. Pre-posting training has been revised and a new program focusing on program and personal effectiveness piloted. Pre-departure and in-country training for whole-of-government officials has also been reviewed and strengthened. Officers attend sessions on APS Code of Conduct and Values prior to departure. On-line training and in-country workshops on anti-corruption are available to staff through the U4 Anti-Corruption Resource Centre set up to support donors to address corruption challenges. AusAID also offers cultural awareness training programs for deploying officials which expands capacity development skills.

Recommendation 22a

The committee recommends that the Australian Government make a commitment to strengthening the relationship between the Asia-Pacific Civil-Military Centre, the deployable civilian capacity and the other bodies involved in training Australians engaged in ODA. The intention would be to establish a visible and well-integrated network of training institutions concerned with the broad issue of human development and security in the region. It would bridge any potential gaps between the immediate recovery phase and long-term development and conflict prevention phases.

Response

Accepted

AusAID, the Asia Pacific Civil-Military Centre of Excellence (APCM COE), the Australian Federal Police (AFP), and the Australian Defence Force are collaborating in the provision of training for Australian officials and civilians deployed in the delivery of ODA and other programs and activities related to development and security in the Pacific.

To fulfil its responsibility in fragile and conflict-affected states, AusAID recently established the Crisis Prevention, Stabilisation and Recovery Group (CPSRG) to provide high quality advice across AusAID to support the delivery of effective policies and programs in those environments.

The recently established Australian Civilian Corps (ACC), which operates within AusAID, has developed a comprehensive training curriculum for individuals on the ACC register which enhances the Government's capability in this area. The APCM COE was involved in the development and delivery of some elements of the curriculum, along with the CPSRG, the AFP and other government agencies.

In addition, the APCM COE facilitates dialogue and practical measures to strengthen the pre-deployment preparation of military and civilian personnel for peacekeeping

operations, including those deployed from the ACC. The APCM COE is working closely with AusAID and the AFP on the civil-military training needs for civilians deployed overseas, and with the ADF (including the ADF Peacekeeping Centre) to ensure the inclusion of civil-military perspectives within military deployment training and exercises.

Recommendation 22b

Furthermore, it recommends that the Australian Government appoint a central body to oversee this network and ensure that adequate funding, if needed, is available to establish and maintain this network. The Prime Minister's proposal for a new reinvigorated strategic relationship established between the ANU and the Australian Government provides the opportunity for the establishment of such a body.

Response

Not accepted

The strength of the Australian whole-of-government process is the Development Effectiveness Steering Group and the Development Effectiveness Working Group which supports aid coordination and the integration of training concerned with the broad issue of human development and security in the region. Establishing a new body to oversee the network of training institutions would establish an additional layer of bureaucracy for little added benefit. The existing Committee system can oversee the network to ensure that it receives appropriate guidance and funding sources identified.

RESPONSE OF THE AUSTRALIAN GOVERNMENT

to the

Senate Foreign Affairs, Defence and Trade References Committee Report

Volume II: Security Challenges facing Papua New Guinea
and the island states of the southwest Pacific

Recommendation 1

Given the success the Department of Defence has had in improving weapons security in the Pacific, the committee recommends the Australian Government continue to assist Pacific island countries secure their armouries and munition stores.

Response

Accepted

The Government, as part of its *Defence Cooperation Program*, will continue its assistance to Pacific islands countries to improve weapon and munitions stores security, by funding armoury and magazine infrastructure projects, in addition to providing relevant education and training to defence and police forces in Papua New Guinea and the island states of the Pacific.

Recommendation 2

The committee recommends that the joint training, education and pre-development exercises that are currently used to prepare officers for RAMSI become permanently incorporated into the AFP's Pacific Police Development Program.

Response

Partially accepted

The *Pacific Police Development Program* (PPDP) activities are tailored to the specific requirements of individual Pacific islands countries, in consultation with law and justice officials from each country. Training and development exercises relevant to RAMSI may be included in PPDP activities where Pacific islands countries identify a relevant need and a RAMSI-related training exercise proves to be the most effective means to deliver such programs.

Recommendation 3

The committee notes that the Defence White Paper 2009 indicates that Australian government departments are developing a framework for enhancing regional maritime security. The committee sees potential for other donors to make a valuable contribution in this area. It therefore recommends that, in developing this framework, these departments consider the advantages of elevating the Pacific Boat Patrol Program [sic] into a regional initiative, supported by the Pacific Islands Forum and other donors.

Response

Accepted

The Government is committed to continuing to assist Pacific islands countries to protect their maritime security, including through the *Pacific Patrol Boat Program*, as indicated in the statement made by the Prime Minister at the 2009 Cairns Pacific Islands Forum Leaders Meeting. The Government is in the early stages of undertaking an assessment of the development of a new maritime security program to follow the Pacific Patrol Boat Program at the end of its projected life-span.

Australia's strategic partners in the Pacific, including the individual Pacific islands countries, the Pacific Islands Forum, the Forum Fisheries Agency, and our defence cooperation and donor partners will be consulted during the course of the assessment.

The assessment will take into account the experience, lessons and limitations of the existing Pacific Patrol Boat Program. It will be based on an analysis of maritime security needs and challenges in the Pacific and of existing capabilities and opportunities. Options to be canvassed will include the benefits of a regional approach to maritime security and the potential role of other donors.

Recommendation 4

The committee has noted the limited maritime surveillance capability of Pacific island states. It therefore recommends that the Australian Government give specific attention to the way the region could improve information sharing and develop a 'supra-national' enforcement capability through, for example, the proposal for a Regional Maritime Coordination Centre. In so doing, the committee suggests that the government give particular attention to the ability of states to maintain and contribute to such a facility, as well as the importance of avoiding duplication in Australia's security assistance initiatives.

Response

Accepted

The Government is committed to the strengthening of maritime security in the Pacific through improved information sharing and law enforcement capability for fisheries and transnational crime. This is being pursued through a variety of means.

Following the Joint Ministerial Meeting of Pacific Islands Forum fisheries and law enforcement ministers hosted by Australia in July 2010, Leaders endorsed a framework for negotiations on new legal arrangements to improve regional fisheries information sharing and enforcement capacity at the Pacific Islands Forum meeting in Port Vila, August 2010.

As indicated above, the Government is currently in the early stages of assessing the most effective approach to a new maritime security program to follow the Pacific Patrol Boat Program at the end of its projected life-span. This assessment will take account of existing sources of law enforcement information and capability, and will consider possible means to improve these, including through the development of regional maritime security arrangements.

Australia is an active member of, and provides core funding to, the Forum Fisheries Agency (FFA). Australia is working closely with the FFA in its efforts to develop an enhanced regional fisheries monitoring, control and surveillance strategy in the

Pacific. Australia has seconded a Royal Australian Navy officer to support FFA work on fisheries protection.

Australia is an active member of the Pacific Islands Forum Regional Security Committee's Working Group to strengthen information management across a range of regional peak law enforcement networks and bodies.

Australia also provides substantial technical and financial support to the *Pacific Transnational Crime Network* which enables police, customs and immigration agencies across the Pacific to collect and securely disseminate transnational crime intelligence.

Recommendation 5

The committee repeats its recommendation from Volume I that the Australian Government provide for longer-term funding for projects that are to span a number of years, as distinct from year-to-year funding approvals. This would provide greater certainty for AUSTRAC projects in the region.

Response

Partially accepted

The Government's Partnerships for Development with Pacific islands countries are improving the predictability of aid funding through the inclusion of indicative allocations in the implementation schedules attached to agreements. Multi-year allocations will generally be specified for between three and five years. Predictability of aid will also be discussed as part of the annual Development Partnership talks with each country.

While the Government aims to provide long-term indicative amounts, actual allocations are dependent on annual Australian Budget appropriations which are announced in May each year and cover the financial year July to June.

Recommendation 6

The committee recommends that the relevant Australian government agencies (Attorney-General's, AUSTRAC and AFP) investigate ways to eliminate overlap and duplication in delivering their responses to combat transnational crime. In particular, the committee recommends that the Australian Government examine the possibility of integrating existing initiatives to deal with transnational crime, such as the Financial Intelligence Units and Transnational Crime Units.

Response

Partially accepted

The Government is continuously looking for synergies and efficiencies in the delivery of assistance to combat transnational crime in the Pacific. There is a clear division of responsibilities between the Australian agencies involved in this. AUSTRAC provides operational assistance to Financial Intelligence Units (FIUs). The Attorney-General's Department (AGD) provides legal assistance to police, prosecutors, judges and policy officers. The AFP manages, coordinates and enhances law enforcement intelligence, collaboration and capacity building through the *Pacific Transnational Crime Network* (PTCN). The PTCN is a multi-agency network connecting national

transnational crime units (TCUs) in 12 countries across the Pacific and which aims to engage with law enforcement secretariats across the Pacific.

In order to identify potential areas of collaboration and avoid duplication, AUSTRAC and AGD coordinate their assistance through the *Asia Pacific Group on Money Laundering Donor and Provider Group*, and with the AFP through TCUs in individual Pacific islands countries. Australian support for measures to combat transnational crime in the Pacific will also be coordinated as part of the development of bilateral Security Partnerships between Australia and Pacific islands countries, which commenced in 2010.

With respect to the possible integration of TCUs and FIUs, it is a matter for Pacific islands countries to determine the structure of their own government bodies. While information sharing for law enforcement is vital, there can be good legal and policy reasons for separating the two functions. The Financial Action Task Force standards do not require FIUs to be integrated with police agencies and indeed Australia maintains separate police and financial intelligence structures, and has established robust secrecy and access legislative provisions to ensure the holding and distribution of financial intelligence is restricted. Furthermore, financial intelligence can have benefits for agencies beyond law enforcement, such as taxation and revenue, and governments may choose to establish an FIU with treasury or financial regulation oversight.

On 15 June 2010, the Government launched Australia's *Framework for Law and Justice Engagement with the Pacific* to promote a cohesive and coordinated approach to combating transnational crime. The Government supports efforts to enhance liaison and cooperation between the Pacific FIUs and TCUs on financial investigations and intelligence sharing, and is prepared to examine the possibility of providing assistance to any Pacific islands countries which might wish to integrate their FIUs and TCUs.

Recommendation 7

The committee recommends that the Australian Government, through the Asia Pacific Civil–Military Centre of Excellence and the Deployable Civilian Capacity (DCC) give priority to assisting Pacific island states develop their emergency response capacity. Experts from the Centre of Excellence, and attached to the DCC, could raise awareness of tsunami and cyclone behaviour, assist in the development of emergency response plans and work with Pacific Islanders to develop more resilient critical infrastructure.

Response

Accepted

The Government is committed to assisting Pacific islands countries to develop their emergency response capacity. The Asia Pacific Civil-Military Centre of Excellence (APCM COE) has been created to strengthen civil-military efforts for conflict prevention and responses to natural disasters in the region, including the Pacific. The APCM COE works closely with the Australian Civilian Corps (ACC) – formerly known as the Deployable Civilian Capacity (DCC).

The APCM COE's core focus is to assist in the development of Australian civil-military capabilities for overseas deployment through training, research and

education. The APCM COE is also considering options for assisting Pacific islands countries to further develop their overall disaster management and emergency response capacities, through support for training and other activities to improve regional capacity, raising awareness of best international civil-military practise for disaster management, and developing the civil-military aspects of emergency response planning.

Recommendation 8

The committee recommends that as the Asia Pacific Civil–Military Centre for Excellence and the Deployable Civilian Capacity (DCC) develop, the Australian Government take steps to ensure that they operate as an integrated and coordinated whole-of-government and civilian response to conflict and disaster management.

Response

Accepted

The Asia Pacific Civil-Military Centre of Excellence (APCM COE) works closely with the Australian Civilian Corps (ACC) – formerly known as the Deployable Civilian Capacity (DCC) – in developing and providing training and education modules on civil-military issues to ACC participants. A core function of the APCM COE is to assist government departments and agencies (including the ACC), to develop Australia’s civil-military capability for overseas deployment through training, education and research, and to strengthen Australia’s integrated and coordinated government and civilian (including non-government organisation) response to conflict and disaster management.

Recommendation 9

The committee reiterates the recommendation made in Volume I (recommendation 3), that the Australian Government ensure that environmental matters including climate change be integrated more effectively throughout its aid program to the Pacific.

Response

Accepted

The Government has prioritised the integration of environment and climate change considerations across its development assistance program in the Pacific, with the purpose of protecting and improving the environment and reducing the risks of climate change and environmental degradation to vulnerable communities.

AusAID is working to improve each stage of the design and implementation of development assistance through training, guidance material and expert advice on integrating environment and climate change concerns. AusAID’s quality processes and environment management system are being updated. In-house training for staff based in recipient-countries and in Canberra is being conducted to improve staff knowledge and skills. Support for climate change adaptation will also be integrated into Australia’s Partnerships for Development with Pacific islands countries, through which mutually agreed priorities for Australia’s development assistance are determined.

The Government recognises the close links between disaster risk reduction and climate change adaptation approaches. The Government will ensure that all support under its Disaster Risk Reduction policy is closely aligned with Australia's approach to the environment and climate change, and implemented coherently. Australia will integrate disaster risk concerns into existing environmental assessment tools and planning mechanisms in the Pacific to ensure coordinated climate change adaptation and disaster risk reduction programming.

Recommendation 10

The committee recommends that in developing its Pacific Partnerships for Development and Partnerships for Security, the Australian Government ensure the link between development and security is strong. Moreover, it recommends that close attention be given to developing Partnerships for Security which:

- **enhance the level of cooperation, collaboration, coordination and interoperability between Australia's various security-related initiatives;**
- **work with bilateral partners to develop security assistance that is appropriate to Pacific nations' level of development and commensurate with their technical and material capacity; and**
- **complement the work of regional organisations and become instrumental in forging much closer cooperation and coordination with other donors to the region.**

Response

Accepted

The Government's new Pacific Security Partnerships provide a link between Australia's development and security goals in the Pacific by providing the opportunity to create a better coordinated, whole-of-government approach to Australia's security-related activity in Pacific islands countries. Security support provided by other donors and by regional organisations will be taken into consideration in developing mutually-shared security priorities and activities within each Partnership.