

Senate Foreign Affairs, Defence and Trade References Committee

Inquiry into the economic and security challenges facing Papua New Guinea and the island states of the southwest Pacific

Response to additional written questions from the Committee

Prepared by AusAID July 2009

2009-10 Funding

Question 1: *AusAID provided the following table on funding allocation in its submission, p. 21.*

Pacific Islands Forum Secretariat (\$3 million)
Secretariat of the Pacific Community (\$9.7 million)
Pacific Applied Geoscience Commission (\$1.8 million)
Pacific Regional Environment Program (\$1.4 million)
Forum Fisheries Agency (\$2.3 million)
South Pacific Board of Educational Assessment (\$0.385 million)
University of South Pacific (\$3.3 million)
Fiji School of Medicine (0.5 million)

Could you provide the estimates for funding in these areas for 2009–2010?

A: Australia's support to Pacific regional organisations is paid on a calendar year to suit the funding cycle of regional organisations. For 2009, Australia's core funding support to regional organisations is as follows:

- Pacific Islands Forum Secretariat (PIFS): 2009 core funding \$3 million.
- Secretariat of the Pacific Community (SPC): 2009 core funding \$10.52 million.
- South Pacific Applied Geoscience Commission (SOPAC): 2009 core funding \$1.8 million.
- Pacific Regional Environment Program (SPREP): 2009 core funding \$1.4 million.
- Forum Fisheries Agency (FFA): 2009 core funding \$2.3 million.
- South Pacific Board of Educational Assessment (SPBEA): 2009 core funding \$0.35 million.
- University of South Pacific (USP): 2009 core funding \$2.75 million.
- Fiji School of Medicine (FSMed): 2009 core funding \$1.9 million.

Funding estimates for 2009-2010 are not yet available as they will be subject to negotiation with Pacific Regional Organisations within the framework of new agreements to commence in January 2010.

Does the Australian government provide funding for the South Pacific Tourism Organisation (SPTO)? If so, could you provide details?

A: Australia does not currently provide funding for the South Pacific Tourism Organisation. AusAID recognises the importance of tourism to Pacific island economies and supports tourism initiatives under our private sector development programs.

Question 2: *In answer to question on notice, AusAID provided a sectoral breakdown on Australian ODA to Pacific/PNG from 1998 to 2008. Could you provide figures for 2008–09 and if available estimates for 2009–2010?*

A:

<u>Australian ODA to PNG and the Pacific by Key Sector 2008-09 in \$A</u>	
Key sector	ODA in \$Am
Education	131.9
Environment & Natural Resource Management	21.4
Governance	524.8
Health	138.8
Humanitarian, Emergency and Refugee Aid	10.5
Infrastructure	63.8
Rural Development	53.1
Other	48.5
Total	992.8

Note: The figures above are the estimated outcomes for 2008-09. Estimates for 2009-10 are currently not available.

Question 3: *In March 2009, AusAID informed the committee it was considering moving to multi-year agreements so that agencies have greater certainty in the financial flows to them¹.*

Has this move now been made?

A: Australia is expecting to commence new multi-year agreements with Pacific regional organisations to cover the period 1 January 2010 to the end of December 2012. Australia will not be negotiating a new agreement with SOPAC given that planning is underway for its functions to be fully rationalised into SPC and SPREP over the next twelve months. New multi-year agreements with SPC and SPREP may be delayed until the administrative and financial implications of the absorption of SOPAC functions are established.

Proposed Pacific Regional Training Institute

Question 4: *The committee has taken evidence from Clive Moore and Keith Jackson who argue that there needs to be a new approach to the education and training both of people in Pacific Island countries and of Australian officials going to work in the region. They suggested that advantage was to be gained from preparing public servants*

¹ Committee Hansard, 12 March 2009, p. 11.

through one institution—a Pacific Regional Training Institute—that would provide substantial training in governance, public service management, conflict resolution etc².

What is your view on the proposal for a single Pacific institute as suggested above?

A: While AusAID recognises there are benefits to be derived from greater cooperation and partnerships between educational institutions across the region, we are cautious about the benefits of establishing a Pacific Regional Training Institute in Australia, as outlined by Clive Moore and Keith Jackson, for a number of reasons:

1. We believe that funding would be better directed towards supporting existing regional institutions that can provide training of this type. This approach is consistent with Australia's support to regionalism under the Pacific Plan, as well as our approach to the consolidation of existing regional organisations. For example, the University of the South Pacific (USP) already has the infrastructure and technical knowledge to provide training in governance and public service management. USP has fourteen campuses in eleven of the fourteen Pacific Island Countries, with remote learning platforms, which gives USP significant advantages in terms of providing access to training for people in the region.
2. The remit of the proposed Institute is very broad, covering public service and agriculture training, but also proposing activities in private sector training, strengthening civil society and broadcasting. Any institution is likely to face difficulties in covering such a wide range of activities to an appropriate standard, except through working in partnership with a range of institutions that currently deliver such services.
3. Feedback from Pacific Island countries has shown a preference for national governments to provide training for their own workforces, supplemented by scholarship opportunities for tertiary study in Australia and New Zealand. AusAID is therefore assisting regional and national training organisations in PNG and Solomon Islands to develop their own capacity for delivering public sector training, and looking at ways to enhance this, recognising that this is a long-term goal.
4. The proposal acknowledges the need for Pacific Island nationals "to be educated and trained in a way that is consistent and commensurate with the realities they face in their own countries". We agree, and believe that the best way, in the majority of cases, is by on-the-job and specific training linked to work projects in-country rather than by taking people out of their work environment. While opportunities for tertiary study in Australia and New Zealand and work placements for public servants in Australian Government agencies are highly sought after and have a range of benefits, lessons learned from previous learning activities in the Pacific show that in-country training has substantial benefits over overseas training. These include:
 - Cost-effectiveness of training a critical mass of people who have sufficient momentum to bring about change compared to isolated individuals trained overseas;
 - Managers of organisations can be involved in planning and designing training, helping secure their support for changes emanating from newly trained employees;
 - On-the-job mentoring helps consolidate skills; and

² See *Submission 3*, p. 6 and *Committee Hansard*, 26 March 2009, p. 7.

- Extended overseas absences are avoided (this is especially important in Small Islands States where the absence of two or three people has a noticeable impact).

5. We support the idea of culturally-relevant training for Australian officials going to work in the region, and note that there are already a range of programs run by AusAID and other government departments that provide cross cultural training. These are predominantly offered in-country where specific cross-cultural differences can be addressed.

- AusAID's Making A Difference (MaD) Program provides in-country capacity development training for advisers and their counterparts. It explicitly explores how to develop and maintain positive adviser/counterpart relationships and respective roles, expectations and responsibilities. It is currently delivered several times a year in PNG and the Solomon Islands; and in Vanuatu when there are sufficient numbers. An independent evaluation of the program in August 2008 found that it was “a very relevant and effective program which is having an impact on counterparts and advisers, and contributing to positive changes in the workplaces from which they are drawn.”
- As an adjunct to MaD, *Communities of Practice* is a program offered in PNG and the Solomon Islands to discuss capacity development and related issues. Sessions are attended by advisers, counterparts and others.
- AusAID also provides cross-cultural awareness training for its staff so that they can engage and work collaboratively with colleagues, partners, officials and organisations. AusAID is currently developing similar training for its Whole of Government partners that covers intercultural communication and key concepts in sustainable development and capacity building.

6. We support the suggestion that mentoring relationships could be established between Australian and Pacific training institutes, and we are exploring how best to implement this under the Pacific Public Sector Capacity Building Initiative. A proposal is currently under consideration and will be finalised in August 2009.

Pacific Public Sector Capacity

Question 5: *In the 2008 budget statement, the Minister announced a new \$107 million Pacific Public Sector Capacity initiative that would support public sector training and workforce development and assist essential public sector reform³. Six million dollars was allocated for 2008–09.*

How much has been allocated for 2009–10?

A: \$26.2 million.

Question 6: *Your submission noted that as part of its support, Australia would work with Pacific Governments to produce a Pacific State of the Service Review⁴.*

³ *Budget Australia's International development Assistance Program 2008–09*, Statement by the Hon Stephen Smith MP, Minister for Foreign Affairs and the Hon Bob McMullan MP, Parliamentary Secretary for International Development Assistance, 13 May 2008, p. 29.

⁴ AusAID, *Submission 65*, p. 13.

Has this type of review been attempted before and could you provide a progress report on this review?

A: This type of review has not been attempted before.

At the 2008 Pacific Public Service Commissioner's Conference, delegates committed to 'continue to support the use of data collection and start work towards State of the Service reports'. An early mapping exercise of public service structures and organisations was undertaken in early 2009. AusAID has also held preliminary discussions with the Australian Public Service Commission to explore how to support Pacific Island countries to find effective ways to collect and analyse their own public administration data.

Microfinance

Question 7: *In his 2009–2010 Budget statement, the Minister announced that Australia would facilitate economic growth through expanded support for microfinance activities in both urban and rural areas. According to the Minister, new assistance would include increasing support activities in the Pacific and Papua New Guinea drawing on partnerships with NGOs, regional network organisations and the private sector⁵.*

Could you provide detail on some of these support activities and the NGOs and private sector organisations involved in providing microfinance to the region?

A: Microfinance is important to the reduction of poverty and progress towards the Millennium Development Goals. Sustainable access to financial services enables the poor to make decisions and plan for their future beyond the short term. Through the provision of financial services the poor can build up physical assets and invest in education, health, safe drinking water and better nutrition. In times of need and hardship financial services can offer an important coping mechanism. Beyond these very tangible impacts, access to financial services promotes social inclusion and builds self-confidence and empowerment, in particular for women, who make up 70 per cent of microfinance clients.

AusAID's approach aims to:

1. Ease policy, legal and regulatory constraints on microfinance development;
2. Develop the capacity of financial systems and institutions;
3. Support the expansion of innovative models of financial service provision with the objective of extending outreach; and
4. Improve the financial literacy of the poor.

⁵ *Budget Australia's International development Assistance Program: A Good International Citizen*, Statement by the Hon Stephen Smith MP, Minister for Foreign Affairs and the Hon Bob McMullan MP, Parliamentary Secretary for International Development Assistance, 12 May 2009, p. 21.

Australia will increase its commitment to microfinance in the Pacific between 2009-10 and 2013-14 to include:

- A program that supports NGOs, financial institutions, and service providers, to expand services to new areas and users including through innovative mechanisms;
- A financial literacy program that will develop training material and work with governments, the private sector and NGOs to deliver financial literacy training to Pacific communities; and
- Helping governments strengthen the regulatory environment to encourage the development of microfinance institutions by improving legislation on financial services and management of credit.

Activities currently and previously funded by Australia include a range of programs that improve financial literacy, extend access to financial services and improve the legal and regulatory environment. They include:

- The provision of enterprise development and financial literacy training across a number of Pacific island countries;
- Small scale activities through the PNG Church Partnerships Program, which provide microfinance and training to women and young girls wishing to start businesses;
- The Solomon Islands Rural Development Program, which provides loans to farmers to develop their agricultural activities;
- Expanding banking services to remote areas in the Pacific through mobile banking; and
- Support for NGOs helping women and people with a disability to engage in small-scale enterprises.

Enterprise Challenge Fund

Question 8: *Information contained on the AusAID website states that Australia will provide \$20.5 million over six years to pilot an Enterprise Challenge Fund for the Pacific and South-East Asia⁶. The Australia Pacific Islands Business Council and the Australia Fiji Business Council noted that the major drawback with the Fund is that a successful applicant is required ‘to be in position to put up \$100,000 in equity or kind towards the project being funded’⁷.*

Could you explain why the sum of \$100,000 was set as the minimum and has consideration been given to lowering this?

A: The range of financial grants available under the Enterprise Challenge Fund (ECF) was determined by a feasibility study undertaken in October-November 2006. The study was based on a proposed grant range of \$100,000 to \$1.5 million. This

⁶ AusAID website: http://www.ausaid.gov.au/business/other_opps/ecf.cfm

⁷ *Submission 58*, p. 6 and *Submission 60*, p. 4.

range reflected other donors' approaches to such funds in other regions and was considered wide enough to accommodate proposals from both small to medium enterprises and larger or multinational enterprises. Grants of less than \$100,000 were considered to be potentially restrictive in scale and likely to attract high overhead costs.

74 out of 86 enterprises interviewed during the study agreed with the \$100,000-\$1.5 million range set for ECF grants. Nine thought the minimum was too high and three thought the maximum was too low.

Could you inform the Committee about this fund, and provide examples of some of the grants that have produced results in Pacific Island countries?

A: The ECF is a six year, \$20.5 million pilot program (2007-2013), funded by the Australian Government and managed by the Australian Agency for International Development (AusAID). It aims to promote private sector development, foster economic growth and reduce poverty. ECF grants, ranging from \$100,000 to \$1.5 million, are awarded on a competitive basis to support activities that are most likely to improve the livelihoods of the poor, impact positively on the local business operating environment and be commercially sustainable within three years of receiving ECF funding. At least 50 per cent of the project costs must be met by the partner business. These criteria are imposed in order to ensure the sustainability of the proposed activity, its pro-poor orientation and integration into the local business operating environment. Eligible countries include Cambodia, Indonesia, Laos, Philippines, Fiji, PNG, Solomon Islands, Vanuatu, and East Timor.

ECF is managed for the Australian Government by Coffey International. Project performance and results are monitored by an independent monitoring team, Triple Line. To date, two bidding rounds have concluded with eight out of a total of 12 grants awarded to Pacific Island countries. The country breakdown of these grants is as follows: Fiji – 2, PNG – 2, Solomon Islands – 1, Vanuatu – 3. A brief description of these projects and anticipated results are provided below:

Fiji

Future Forests Fiji Limited - \$190,000

Future Forests Fiji Limited was established in 2004 with the primary aim of developing a socially and environmentally-responsible teak plantation business in Fiji. The grant will expand and modernise Future Forests' seed germination and nursery facilities. There will be flow-on benefits for both communities and those directly employed and trained by the business. The anticipated benefits of this project include long term employment and training opportunities in teak seedling growing and plantation management for landowners and their families living in six rural villages.

Nature's Way Cooperative - \$263,321

Nature's Way Cooperative (NWC) is based in Fiji and has 120 shareholders who are growers and exporters, with the vast majority being small farmers. NWC was established in 1995 to undertake mandatory quarantine treatment on behalf of Fiji's fruit export industry. The anticipated benefits of this project include an increase in export value from F\$200,000 in 2007 to F\$3.5 million in 2012, increased direct employment from 420 in 2006 to 1,200 in 2011 and farmer incomes projected to increase by 7.4 per cent between 2008 and 2012. The project will also provide increased

opportunities to develop local and international markets based on environmentally sustainable practices and the growing interest in organic produce.

PNG

Puritau – Paradise Spices - \$170,000

Puritau – Paradise Spices is a family run company that has been involved in the agriculture sector in PNG since 1987, including vanilla bean export for the past 10 years. The grant will enable the company to establish a processing facility in Port Moresby to produce pure vanilla, oleoresins and other spices for export. The project is expected to benefit up to 2000 direct beneficiaries and 160 indirect beneficiaries. By 2011 there are expected to be up to 2000 suppliers trained in cultivation and curing of vanilla beans leading to an increase in the average household income from PGK332 to PGK400 per year.

Mainland Holdings – \$453,745

Mainland Holdings is a well established national agribusiness company in PNG with 37 years experience in working with smallholder farmers. The grant will establish a processing plant that will convert fresh green vanilla pods into desiccated, fermented and dried products to international standards for export. The anticipated benefits include providing a reliable market for 10,000 rural suppliers selling to Mainland Holdings and employment of buyers and extension officers.

Solomon Islands

C-Corp - \$1.115 million

C-Corp has been operating in the cocoa industry in the Solomon Islands for over two years. The grant will rehabilitate and redevelop 280 hectares of Horokiki cocoa and 60 hectares of new cocoa plantations in collaboration with local landowners. More specifically, funding will support the growing of cocoa beans, the purchase of a cocoa processing unit and marketing of premium grade cocoa to export markets. The project is expected to directly benefit up to 100 people through permanent and casual jobs making C-Corp one of the largest employers in the Solomon Islands agricultural sector. It will also provide secure and permanent income for an additional 100 local cocoa farmers.

Vanuatu

Fresh Change Limited/Volcanic Earth - \$190,000

Volcanic Earth is a retailer and exporter of natural organic skin care products and traditional Melanesian skin treatments. The grant will establish a new production and export handling facility in Port Vila and expand a processing plant to produce bulk supplies of skin care products for export. The project is expected to supply up to 900 women in the relatively underdeveloped Malekula Island region with reliable livelihood opportunities. It will also provide an additional 45-60 jobs in manufacturing, packaging, processing, administration and management.

Carnival Australia - \$805,000

Carnival is a global cruise company which has been operating in New Hebrides/Vanuatu for more than 75 years. The grant will upgrade infrastructure facilities on three islands to establish a new market for locals and Carnival Australia. The project is expected to create a consistent source of revenue for around 330 people in local communities and will indirectly benefit over 2000 people through improved living standards as a result of improved facilities.

Marine Consultancy - \$750,000

Marine Consultancy has operated a shipping/passenger service in Vanuatu for seven years. The company will use the grant to buy a second vessel to transport goods and passengers between Santo and Port Vila, and provide a separate schedule, servicing 24 locations on remote and under-serviced islands. It will also establish supporting infrastructure such as wharves, storage and maintenance facilities in remote areas. The project is expected to create around 50 jobs and will indirectly benefit around 9000 people in remote island communities.

PNG LNG Project

Question 9: *In a joint communiqué of November 2008, PNG and Australia announced that work would begin:*

...in response to the request of the Government of PNG, to work with Exxon Mobil to assist Port Moresby Technical College to develop in PNG the skills required for the LNG project. Over time, this focus will be broadened to include other technical colleges and areas of tertiary education⁸.

Could you provide details on how that work is progressing?

A: Since the signing of the joint communiqué in November 2008, Australian officials have been in ongoing discussions with PNG Liquefied Natural Gas (LNG) Project partners, Port Moresby Technical College (POMTECH), and PNG Government officials to determine what Australian support would best complement ExxonMobil's planned investment in PNG's technical and vocational education and training (TVET) capability to build the skills of the PNG workforce.

In December 2008, an assessment of POMTECH's needs was undertaken to determine where the Australian aid program could best focus its assistance. The assessment was focussed on helping POMTECH plan for and manage the expanded technical and vocational education capacity it would have as a result of ExxonMobil's investments; potential for expansion of training opportunities to enable citizens to take advantage of the opportunities arising from PNG LNG and other projects; and support to enable those trained by the PNG LNG project to, if necessary, upgrade their skills to obtain an internationally recognised qualification.

Work to progress the recommendations of that assessment was delayed pending advice from ExxonMobil on firm investment plans for POMTECH. Recently, on 6 July 2009, the PNG Government signed an agreement with ExxonMobil to upgrade POMTECH as well as to construct a training centre at Juni, near the Southern Highlands Hides gas field. The agreement will be funded by ExxonMobil and is valued at approximately

⁸ Paul Tiensten MP, Minister for National Planning and District Development and Bob McMullan MP, Parliamentary Secretary for International Development Assistance, Media Release, Joint Communiqué on the PNG-Australia Partnership for Development, 3 November 2008.

\$77 million (US\$60 million). ExxonMobil will upgrade POMTECH's infrastructure for its own training programs and will cede this infrastructure to POMTECH after five years.

Given this announcement, Australia is now in a position to move forward with its support for POMTECH. Our assistance will form a key part of the new Higher Education Schedule to the PNG-Australia Partnership for Development, agreed at the PNG-Australia Ministerial Forum in June 2009, to be developed during 2009-10.

DAC Peer Review

Question 10: *A peer review of Australia's ODA by the OECD Development Assistance Committee (DAC) found:*

While signalling a significant increase in Australia's environment-related support in the Asia and Pacific regions, the policy intends to guide a portfolio of activities that directly targets environmental challenges and to support a stronger commitment to environmental management across all sectors of development...AusAID should build on these opportunities to more systematically consider environmental threats and opportunities throughout the aid program⁹.

In your view, what is the DAC really saying here?

A: In AusAID's view, the DAC was welcoming of the aid program's increased attention on issues surrounding the environment and climate change. The DAC also expressed an opinion that AusAID should give increased attention to systematically 'mainstreaming' environment considerations across the entire aid program. The DAC review cited our work on gender as an example of where AusAID had demonstrated progress on mainstreaming a thematic issue into country programs. The DAC was suggesting that AusAID ensure that processes or systems were in place such that all programs, regardless of their focus, considered opportunities for positive environmental impacts.

What was AusAID's response to the DAC's suggestion?

In his opening remarks to the Peer Review, the then AusAID Director General, Bruce Davis, noted that "the report has usefully identified some specific areas we need to focus on," and said that "implementing a rigorous approach is required in relation to mainstreaming environmental issues across the aid program, similar to our efforts acknowledged by the Review in integrating gender equality and women's empowerment into our development assistance."

Later, when the Peer Review covered the report in more detail, an AusAID officer who was part of the delegation noted that AusAID was rolling out a suite of tools and processes to better integrate environment and climate change considerations across the aid program. This includes:

- Developing a revised strategic approach to the environment for Australian ODA;

⁹ OECD Development Assistance Committee, *Peer Review Australia*, 2009, p. 12.

- Updating AusAID’s Environmental Management Guide and other internal guidance;
- Providing staff training on integrating environment considerations into development activities;
- Upgrading internal systems for monitoring and evaluating success in implementing the strategy and integrating environment considerations across the program;
- Launching an environment-themed intranet site to improve information flows between country and thematic areas; and
- Increasing in-house access to technical advice.

Question 11: *The DAC peer review also referred to the planned review of the Humanitarian Action Policy.*

Could you provide a progress report on this review?

The 2005 Humanitarian Action Policy (HAP) provides strategic guidance to the Australian aid program on international humanitarian and emergency assistance.

Since 2005, there have been significant shifts in the political, technical, economic, policy and operational environment, relevant to humanitarian action, which necessitate an update of the HAP. The aim of an update would be to ensure that the HAP accurately reflects the current international humanitarian context and positions Australia to effectively respond to humanitarian needs into 2015, aligned with our comparative advantages and the Government’s priorities.

To this end AusAID is currently undertaking a review and update of the HAP. The review will have two phases. The first phase — which AusAID is currently in — involves two products: a rapid assessment of Australian humanitarian and emergency assistance and an analysis of current international humanitarian architecture. These products will then inform the development of a Guidance Paper on the new HAP.

The second phase will include a program of consultations with a broad range of stakeholders focused around the Guidance Paper. Stakeholder consultations, together with the Guidance Paper, will provide the basis for the final drafting of the updated HAP.

Business Links

Question 12: *There are a number of bilateral councils that focus on enhancing business links between Australia and the relevant country—the Australia–India Council, the Council on Australia Latin America Relations and the Council for Australian–Arab Relations.*

Does the Government have a view on the establishment of an Australia–Pacific Islands Council similar to the Australia–India Council, the Council on Australia Latin America Relations and the Council for Australian–Arab Relations?

A: There are already a number of bilateral business councils linking Pacific Island countries and Australia: the Australia – Papua New Guinea Business Council and the Australia – Fiji business council are two particularly active organisations which are strengthening ties between businesses in Australia the Pacific.

The peak body for business councils is the Pacific Islands Private Sector Organisation, with whom the Australian Government works actively to promote and advocate for the private sector in the region.

Sister Cities

Question 13: *To your knowledge are there any sister city relationships between Australian cities and cities or towns in Pacific Island countries? If there are, could you identify a few?*

A: Many Australian councils support sister city relationships, particularly with Papua New Guinea. These include:

- Orange City Council and Mount Hagen Urban Local Level Government*
- Cairns City Council and Lae Urban Local Level Government*
- Townsville City Council and the National Capital District Commission*
- Noosa City Council and Alotau Urban Local Level Government*
- Lane Cove Council and Rigo District, Central Province
- Randwick City Council and Amenob District, Madang Province
- Wellington Council and Wewak Urban Local Level Government
- Wollongong City Council with Lae Urban Local Level Government.

Those sister city relationships marked with an asterisk are part of a technical cooperation program run by the Commonwealth Local Government Forum with funding from AusAID and NZAID. This program also supports cooperation between the following councils, although these partnerships are not formal sister city relationships:

- Consortium of Adelaide, Salisbury and Campbelltown City Councils with Madang Urban Local Level Government, PNG
- Lake Macquarie City Council with Funafuti Town Council, Tuvalu
- Fraser Coast Regional Council with Honiara City Council, Solomon Islands.

AusAID is also aware of two sister city relationship in New Caledonia, but no aid funds are involved and we have no information on the level of activity under these partnerships:

- Sunshine Coast Regional Council with Mount Dore
- Gold Coast City Council with Noumea.

Chief Trade Advisor

Question 14: *Pacific Island countries have placed a high priority on the early appointment of a Chief Trade Advisor¹⁰.*

Could you inform the Committee about the progress made on the appointment of a Chief Trade Advisor?

A: At their 17 June 2009 meeting in Apia, Samoa, Forum Trade Ministers decided to establish the Office of Chief Trade Adviser (OCTA) forthwith. This decision was welcomed by Forum Leaders at the Pacific Islands Forum, in Cairns on 5-6 August 2009. At their Apia meeting, Forum Trade Ministers also requested that the Secretary General of the Pacific Islands Forum Secretariat proceed immediately to advertise for a suitable candidate as Chief Trade Adviser. The Chief Trade Adviser position has been advertised, with the call for applications closing on 14 August 2009. Australia has agreed to contribute \$500,000 per year over the next three years towards supporting the OCTA.

Social Impact Assessment

Question 15: *A number of witnesses have raised concerns about the lack of an appropriate social impact assessment of a PACER Plus agreement on Pacific Island countries.*

Could you inform the committee about the research that has been undertaken about the social impacts of PACER Plus and the major findings?

A: A 2008 report, *Benefits, Challenges and Ways Forward for PACER Plus*, commissioned by Australia and prepared by the Institute of International Trade at Adelaide University, included research on social impacts. The report suggested that there could be a significant increase in trade volumes (up to 30 per cent) from the elimination of regional trade barriers and improved efficiencies. It noted that possibly the greatest economic, social and development challenge facing the Pacific is unemployment and under-employment, and that the major benefit of PACER Plus was the potential for increased labour market access. It also noted the importance of ensuring that the institutional and resource capability exists to respond to increased competition in ways that promote economic and social goals, for example, through education and training to enhance workforce resilience and flexibility, and a social safety net that includes retraining and adjustment assistance programs.

The paper can be found at

http://www.iit.adelaide.edu.au/docs/Final%20PACER%20Report%2012_06_08.pdf

Remittances

Question 16: *The Australian Government, in cooperation with the New Zealand Government, has developed a website for migrants where they can compare remittance*

¹⁰ Annex A to Forum Communiqué, Thirty-ninth Pacific Islands Forum, Niue, 19–20 August 2008.

transaction costs. However, IT literature is generally low in the Pacific Island countries.

What computer training is the government providing to the seasonal workers to enable them to utilise this website?

A: Pacific seasonal workers are informed of the remittances website (sendmoneypacific.org) prior to their arrival in Australia. This information forms part of a broader pre-departure briefing conducted by participating Pilot countries.

In Australia, employers conduct an on-arrival briefing and orientation to the local community. They are required to provide information on how to use the website and access computers and the internet.

General information technology skills training is provided in Australia to Pacific seasonal workers as part of the “Add-on Skills Training” program funded by the Australian Government. The program also covers foundation skills to support workplace literacy and numeracy.

Do the workers have access to computers and internet at their workplaces?

A: While in some cases Pacific seasonal workers are provided with access to computers and the internet at their workplaces, they are also taken to local internet cafes as part of their on-arrival briefing to ensure they are able to communicate with their families at home.

Could you provide an update of the Government's discussions with Australian banks regarding remittance transaction fees?

A: The Australian Government does not discuss remittance transaction fees directly with Australian banks. The contractor engaged to develop the website researches publicly available information and invites Australian banks to clarify or provide information on their respective remittance services, fees and foreign exchange rates for inclusion on the website. The contractor conducts a formal review to update fee information on a monthly basis and all remittance service providers may supply updates on fees and services to the contractor for uploading on the website as often as they choose.

Pacific Seasonal Labour Pilot Scheme

Question 17: *Could you provide an update on the scheme?*

A: There are now 56 Pacific Seasonal workers (50 from Tonga and 6 from Vanuatu) working in Mildura and Swan Hill in Victoria, Griffith in New South Wales, and Mundubbera in Queensland. The scheme is small-scale and demand-driven. Employers of Pacific seasonal workers have entered into formal agreements with the Department of Immigration and Citizenship and the Department of Education, Employment and Workplace Relations with regard to their responsibilities under the Scheme. The agreements establish a range of obligations relating to the treatment and welfare of the

Pacific seasonal workers. Pacific seasonal workers received comprehensive pre-departure and on-arrival briefings on working and living in Australia.

More details on the program can be found at

<http://www.workplace.gov.au/workplace/Individual/Migrant/PacificSeasonalWorkerPilotsScheme.htm>