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Tuesday 26 August 2008

The Secretary
Senate Foreign Affairs, Defence and Trade Committee
PO Box 6100
Parliament House
Canberra ACT 2600

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Assistant National Secretary
Greg McLean

Dear Dr Kathleen Dermody,

**Re: Senate Inquiry into the main economic and security challenges facing
Papua New Guinea and the Island States of the Southwest Pacific**

In response to your invitation dated 30 June 2008 please find enclosed our submission to this Senate Inquiry.

In your invitation you point out that the Committee is seeking to publicise its work as widely as possible and would appreciate input from organisations that would be interested in contributing to the inquiry.

The Australian Services Union (ASU), together with the Community and Public Sector Union (CPSU) and the Communications, Electrical and Plumbing Union (CEPU) are affiliated to the Public Service International (PSI) which is a global union federation made up of more than 650 trade unions representing more than 20 million workers who deliver public services in 160 countries. The submission is also made with the knowledge of PSI affiliates from Cook Islands, Fiji, New Zealand, PNG, Samoa, Solomon Islands, Tonga and Vanuatu.

These unions make up the PSI Oceania Region. David Carey, Joint National Secretary of the CPSU and Kuini Lutua, General Secretary of the Fiji Nursing Association are the Regions representatives to the PSI Executive Board.

Representatives of the unions will be pleased to appear before the committee to expand on this submission if required.

Yours faithfully

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Paul Slape
NATIONAL SECRETARY

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ASU, CPSU & CEPU Submission

Senate Inquiry into the main economic and security challenges facing Papua New Guinea and the Island States of the Southwest Pacific

Date: 27th August 2008

Submitted By: Paul Slape
National Secretary
on behalf of ASU, CPSU and CEPU

Introduction

The Australian Services Union (ASU), the Community and Public Sector Union (CPSU) and the Communications, Electrical and Plumbing Union (CEPU) are affiliated to the Public Service International (PSI) which is a global union federation made up of more than 650 trade unions representing more than 20 million workers who deliver public services in 160 countries. The submission is also made with the knowledge and support of PSI affiliates from Cook Islands, Fiji, New Zealand, PNG, Samoa, Solomon Islands, Tonga and Vanuatu.

Executive Summary

The economic and security challenges raised by the submitting group of public service trade unions will focus on those which impact largely on sectors generally categorized as public services.

Ongoing concerns are weak political and legal institutions, failure to involve key stakeholders in policy and decision making, economic instability, disparity in economic distribution of resources and access to public services and a lack of fiscal systems for adequate monitoring and financial accountability. These factors can lead to political instability and even to failed states. They provide breeding grounds for international crime and general regional instability.

Effective strategies will demand tri-partite (governments, companies and labour) cooperation in research and consultation.

The submitting public service trade unions are concerned with the rights and capacities of stakeholders to contribute to policies and practices which impact on their lives and work. Human development needs to be the ultimate result of economic and security policies and practices. Responding must recognise the interdependence of human development, economic growth and security.

Human development demands attention to stakeholder involvement; social dialogue and policy support and appropriate communications.

Economic challenges include: building and rebuilding infrastructure; financial and treasury related accountability; the need for strict legislation, registration systems and codes of practice – and related training; vocational and work place education; building marketing skills; appropriate use of public/private partnerships; appropriate approaches to trade agreements; awareness of women's labour; practical responses to climate change; building skills for negotiating emissions trading; mitigation and preparedness for natural disasters; informed approaches to 'green jobs'.

There is an urgent need to recognise that domestic insecurity contributes to national and international vulnerability. Responses need to include: support for trade unions; systems for training and holding accountable government and public officials; campaigns for addressing criminality, domestic violence and human security within states.

The Submission

Terms of reference:

Consider the economic and security challenges facing PNG and Islands of SW Pacific:

- (a) Implications for Australia
- (b) How the Australian Government can, in practical and concrete ways, assist these countries to meet the challenges

The enquiry to include examination of:

- Employment, opportunities, labour mobility, education and skilling
- Barriers to trade, foreign investment, economic infrastructure, and ownership and private sector development
- Current regional organizations such as Pacific Islands Forum and the Secretariat of Pacific Communities

There is no requirement to address the full terms of reference.

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Introduction

The economic and security challenges raised by the submitting group of public service trade unions will focus on those which impact largely on sectors generally categorized as public services. These include activities of governments at national, regional or local levels and services such as provision of gas, electricity, water waste management, environmental and social services, non-teaching education, cultural and recreational services, health, maintenance of roads and buildings. These services may be provided by workers employed by governments, non-Government Organizations (NGOs), government –owned organizations or multi-national companies.

Responding to these challenges will require strategies which recognize the cross-sector implications and inter-relatedness of government and service providers in relevant work forces. It will require recognition of human development and engagement of key stakeholders in development as the underpinning approach.

The economic and security challenges to be highlighted in this submission, regarding the focus countries, are closely interlinked. Australia’s role is important, as a developed country in the region and as a major donor of foreign aid. Foreign aid and relationships are important elements in the economies of Pacific Island States, which receive levels of aid (from Australia and other countries) significantly higher than other countries in the world at similar levels of income.

Ongoing concerns are weak political and legal institutions, failure to involve key stakeholders in policy and decision making, economic instability, disparity in economic distribution of resources and access to public services and a lack of fiscal systems for adequate monitoring and financial accountability. These factors can lead to political instability and even to failed states. They provide breeding grounds for international crime and general regional instability.

Security concerns have emerged in PNG, Tonga, Solomon Islands and Fiji – with high rates of crime, civil unrest, domestic violence and riots. Opposition to governments, discontent with perceived corruption, poverty and economic grievances interlink as causes.

Within the focus countries, there are those with good natural resources and potential for economic growth (PNG, Solomon Islands, Vanuatu); those with moderately good natural resources and modest growth prospects (Fiji, Samoa, Micronesia, Tonga, Cook Islands); and the Island Atoll nations with few natural resources and little economic development potential (Marshall Islands, Nauru, Kiribati). These differences are reflected in the availability of public services.

The submitting public service trade unions believe that allowing for these differences the economic challenges in the focus countries will be similar in nature to those faced by the public sector in Australia but in many cases will be exacerbated by the increased awareness of the potential impact of climate change and the ongoing changes resulting from globalization of economic and social elements of communities at varying stages of economic development.

Effective strategies for sustainable economic growth and the consequent increase in security for all members of the populations will demand tri-partite (governments, companies and labour)

cooperation in research and consultation to identify required resources and infrastructure needs and to engage all key identified stakeholders in agreements.

For sustainable democratic growth, organisation of labour into effective trade unions is a key step in ensuring this important sector is able to participate in policy and decision making in ways which are informed and relevant to economic and cultural realities and needs.

The challenges facing Australia are those of a developed nation operating and relating in a region which still has great need for human development as well as economic growth and security.

The human development challenge

The submitting public service trade unions are concerned with the rights and capacities of stakeholders to contribute to policies and practices which impact on their lives and work. Human development needs to be the ultimate result of economic and security policies and practices. Underlying any response to specific challenges is the challenge for Australia to respond and participate as the developed nation in ways which are culturally, economically and democratically appropriate. This requires an underlying commitment to human development even when there would appear to be a focus primarily on trade or security. The approach must always be based on recognition of the **interdependence of human development, economic growth and security**.

- (a) Trade unions such as those working in public services are experienced in working in related sectors within the labour market and in processes which allow for – encourage – informed debate and participation. This requires recognition that development is a complex and dynamic process which demands responses which may start with one sector, such as labour, but then operates by acknowledging specific and different needs and issues within that sector and between that sector and the wider nation.

Response: Commitment to informed and skilled stakeholder participation in policy and decision making – with related allocation of resources to develop and enable such participation.

Response: Commitment to processes which require stakeholder participation when funding or supporting change

Response: Insistence on recognition of appropriate cultural and social practices when proposing change and development.

- (b) There is a need to ensure effective **social dialogue** so that that all key stakeholders in the use and provision of public services are enabled to participate effectively in decision and policy making regarding those services. This will not happen by accident. Organizations such as trade unions are well placed to enable the participation of members as providers – and users – of public services. Informed support and recognition of unions and other similar agencies will provide for the underpinning increase in **informed and skilled participation of key stakeholders in economic and social policy**.

Response: Support and engagement of trade unions and other relevant groups within civil society when planning and/or implementing strategies for responding to economic and security challenges

- (c) **Social policy support** will be required to achieve effective input by and for those involved as users or providers of public services. This will need to include policy and practices **adequately funded and resourced** in areas of vocational and workplace education and training, related business developments (transport, equipment supply and repair etc) and access to processes

which enable participation. The frameworks for such development must be cognisant of the existing cultural and national frameworks of each nation with additional emphasis on supporting the involvement of the social partners. In many Pacific Island States there is often a failure to recognise the potential and expertise of traditional community governance models, local labour, women's and environmental organisations which are often overlooked in the development or review of policy and practices in service delivery.

Response: Awareness of the role of women in all such groups and levels of society – and of the contribution they can make in policy and in economic and security practices and growth.

- (d) Adequate **communications** will be needed between Australia and States and between all levels within States: national and local. It means recognising the most appropriate ways to communicate with communities. Again, trade unions are experienced in structures which engage across the tiers of decision and policy making and are well placed as communication channels.

Response: Ensuring that communication channels within Island States are designed so that all tiers of the community are informed and engaged appropriately when change is being planned or implemented

- (e) In many of these areas it will be sensible to ensure constant, **high level support and independent advice** to be developed in country so that a real sense of self-reliance is developed.

Response: Provision of high level advice and support for changes and new developments

The Economic Challenges

While some challenges appear to be primarily either economic or security related, most are inter-related and responses need to be aware of whole picture aspects. However, responding to the terms of reference of this inquiry, this submission will make some distinction.

The challenges to be met will include:

- (a) Commitment to **building and re-building public infrastructure**. In many Island States there has been a decrease in standards of infrastructure, often accompanied by a failure to keep pace with demand as populations increase and there is also a common drift to urban areas.

Response: Work with PNG and Island States to identify, prioritize and support the building and rebuilding of essential infrastructure.

- (b) Many responses to infrastructure development require extensive funding support. There will be an ongoing need for establishing systems and allied training and monitoring practices and standards for developing high standards of **financial and treasury related activities and accountability**

Response: Work with PNG and Island States to agree financial systems and practices which meet accountability requirements and which can be monitored and audited – with commitment of national institutions and agencies.

- (c) **Strict legislation, registration systems and codes of practice** will be needed as public services and their related infrastructure are developed or refined. Many state and non-state actors in the region currently lack the resources and expertise to be able to work for such legislation at any serious and credible level. The availability of expert advisors will be an essential – but hopefully short term – part of any strategy

Response: Work with national agencies and institutions to ensure appropriate strict legislation, registration systems and codes of practice.

- (d) Related to this will be the need for **training and awareness of legislation, registration requirements and codes and agreements** as workers and policy makers will need to be familiarized and skilled at all relevant sectors of industry and labour. It will need to be recognized that without trained personnel to implement, monitor and audit such legislation, registration and codes, any changes will be problematic. This relates closely with the need to ensure stakeholder participation that is informed and appropriately skilled. Trade unions have expertise and experience in developing skilled key stakeholders who can be involved at all stages.

Response: Accompany such legislation and standard setting with appropriate information and training for monitoring and accountability based on it.

- (e) There is a need for diverse and industry appropriate **vocational and workplace education and training** systems. This needs to support ongoing development of local trainers and training facilities as well as a wide range of training and skill development programs across all industry competencies, to recognise objective standards incorporating safety, sustainability and productivity issues. This will need to recognise existing indigenous and community economic, financial and education capacities.

Response: Work with the submitting trade unions and their partners to provide vocational training and skill and capacity building among all levels of management and workers in public service provision

- (f) **Marketing skills and customer relations** – this is particularly relevant in public service provision where there is recognition that new public management theory often has an inappropriate focus on profit making and fails to recognize that public service users have a right to such services. This is an area where exchanges between Australian and Island management and labour could benefit from collaborative exchanges of best practice.

Response: Promote exchanges and joint training between Australian and focus country trade unions and other agencies to develop marketing and customer service skills to underpin effective public service provision.

- (g) Within the context of Pacific Island States – and with due regard to the pitfalls which can accompany them - **public private partnerships** may need to be considered for technology transfer - particularly in the utilities sector. This will require careful consideration to ensure the rights of workers and communities are properly protected.

Response: Monitor any proposals for such partnerships to ensure the involvement of stakeholders and trade unions who are their informed representatives.

- (h) There is a growing concern at the lack of focus on human development within the World Trade Organization - consumer welfare (much less development) is not the main focus of

negotiators¹. Australia, as a developed country has a responsibility to its Pacific neighbours to pressure for an approach which takes seriously the needs and realities – including the human development needs and realities - of the Island states in the operation of global and regional agencies negotiating **trade agreements**. Australia's current approach to developing a free trade agreement with fourteen Pacific Island States is open to strong criticism. There is a perception that Australia, is pressuring for an agreement without appropriate social impact assessment. The submitting group of trade unions share the concern voiced by other civil society groups that care must be taken to avoid any resulting rising inequality, job losses and reduction in the supply of essential services. There must be care and concern for the workers and the users of public services which are so frequently dependent on the economic realities of States. As consumers they are not present at major trade negotiations but their interests need to be represented. It is essential that regional negotiating capacity be built alongside the negotiating capacity of individual states and the key stakeholders at all levels of involvement. Trade unions representing the collective rights and interests of workers must be involved. Collective agreements strengthen the development of quality public services and can contribute to informed and skilled negotiating at national and regional levels.

Response: Ensure that Australia represents the need for human development to be taken into account when negotiating trade agreements for the region and for the focus countries in particular.

Response: Australia must model negotiating practices which respect and develop the skills and capacities of the focus countries to participate as respected partners.

Response: Work with trade unions and other civil society groups to build informed negotiating capacity in the focus countries.

- (i) The need for strategies to recognize the benefits which could come with effective and well targeted **partnerships between island nations and Australia**. While there is economic need in Island States, many workers are under pressure and want to migrate for employment opportunities. This can result in a dearth of skilled **labour** in many areas related to provision of public services – and a dearth of labour for many infrastructure projects. Effective partnerships between Australia and Island nations could result in planned labour migration which could be productive if it were designed and regulated to increase the skills and capacity of a work force. - provided that work force had employment opportunities developed at home so return were economically viable. Such workers would need to have access to the same terms and conditions as their Australian counterparts and have the same access to training and capacity building as their Australian counterparts and colleagues. This would mean a serious focus on developing labour opportunities in countries of origin.

Response: Undertake a serious review of how best to develop new markets and labour opportunities in the focus countries so that there is less need for migration of labour. Exchanges and partnerships between Australia and focus countries and between the other focus countries should be explored and investigated for new opportunities. There is a need for expert investigation of new labour opportunities and for the best means of supporting new, economically viable options. Trade unions such as those making this submission will be key in ensuring that there are appropriate conditions for labour which does migrate – and they should be involved in setting up relevant monitoring and accountability.

- (j) **Women's labour** is frequently ignored or goes unnoticed. There is a lack of data and information on women's economic roles generally in the APEC region, accompanied by a lack of recognition of women's roles in the paid work force and a lack of data on women's contributions in the informal sector and unpaid work.² There is a serious challenge to obtain a

¹ United Nations Development Programme Report, 'Making Global Trade Work for People' 2003 p70.

² UNDP op cit p98

collation and analysis of this major element in the economies of the focus countries. Without sound data and information strategic responses are unlikely to follow.

Response: There should be urgent steps to consult with women and others in the focus countries to gather data and information regarding women's labour and contribution to economies. This needs to be accompanied by surveys and investigations into how specifically women's labour can be maximized for the benefit of women and of their communities. It will be important that such investigations and inquiries recognize the input of women as well as of statisticians – cultural and social behaviour will be key to achieving useful information and women's own input to potential developments.

- (k) Island States are faced with very immediate issues – some as contributing causes and some as potential impact of **climate change**. The lack of sustainable management of natural resources continues to effect change for communities which are social, cultural and economic. It also is seen as contributing to climate change. An Island State faced with rising sea levels has limited choices: prepare to move; prepare to change; or prepare to change so move is possible.

Response: Funded research and development in energy-efficient technologies with capability to adapt and mitigate climate changes.

Response: Funding for nations to prevent and mitigate factors contributing to climate change with changed practices regarding use of resources such as forests.

Response: Fund consultations and planning projects which acknowledge the real prospects facing some nations and set up processes for identifying and responding to real options.

- (l) Representatives of Island States voice concerns around **emissions trading** – some seeing this as an answer for developed countries but not taking seriously the local, indigenous needs to develop and grow. 'It will make us into museum pieces' is a frequent comment. There is an urgent need for effective campaigns of informing and building skill in key stakeholders who should participate in decisions about emissions trading and development of sustainable management of resources.

Response: There will be a particular need for ensuring informed participation in decisions regarding emissions trading schemes. Many public utilities will be at the front of dealing with the impact of agreements made across national boundaries. Those involved in operating such utilities should be enabled to have appropriate and informed input to planning and be fully equipped to participate in implementation.

- (m) There are concerns too about the past and ongoing exploitation of resources. Who really owns resources such as forests and waterways? Has that ownership been appropriately consulted? Do the real owners, often women in some island states, have power to decide on the use or abuse of resources. Many natural **disasters**, which frequently result in loss or damage to public utilities and public services, may be the result of changes contributing to climate change. This submission expresses concern that this be taken seriously and that where possible disaster mitigation and at least disaster preparedness is effected.

Response: Disaster response and mitigation - particularly as many disasters often have serious impacts on delivery of public services long after the actual event. This would mean allocating resources and providing training for workers and others in essential services

- (n) There is a growing debate regarding '**green jobs**'. These can generally be defined as jobs which reduce negative impact on the environment. They fall under several categories such as: earth repair; resource renewal; sustainable energy; sustainable communities and cities; environmental survey; clean green food and sustainable agriculture; eco-tourism; government and regulatory organizations. The debate centres around the degree to which such 'green

jobs' can either be new jobs in new sectors and/or be new jobs in established industry which has to effect change. While there would of course be economic advantage from the creation of a 'new' industry sector there are concerns as to just how much this is a reality. Trade unions and others will be concerned that such 'green jobs; do in fact present real opportunities for real wages and for career advancement and stability.

Response: Ensure trade unions and other relevant groups are involved in any policy regarding 'green jobs'.

The Security Challenges

Within the focus countries (as in any country), security is an issue at differing levels: domestic, national and international. It involves economic, cultural, physical, environmental and political security.

Security is closely linked with economic realities and issues.

Security issues arise in communities where there are disparities between those sectors with appropriate access to resources and services, public utilities and training and information. Civil unrest is often linked to gaps in wealth and influence. It can also arise when there is a sense of no accountability of service providers and policy makers. Political unrest often results when populations are deprived of essential elements of development and due access to employment and economic stability.

There is an urgent need to recognise that domestic insecurity contributes to national and international vulnerability. A lack of human development is interwoven with economic vulnerability. There are challenges to bring about change in communities where domestic violence and other crime is a factor of life. Adequate and culturally appropriate measures for prevention, prosecution and holding accountable those who fail to respect the right to safety and to democratic practices are needed. Policing, public education, health and safety services, alternatives to situations which create vulnerability – all require attention, resources and monitoring and research. Trade unions can contribute positively to human development and democratic processes. They need to be protected and supported when facing opposition to organising and advocating for workers.

Women are among the worlds poorest and their economic and education deficits contribute to their vulnerability. The link between insecurity of any sector of a population and the insecurity of the whole community is recognised. Urgent steps are needed to redress the situation of vulnerability of women across the Pacific region.

With due support, trade unions could play a greater role in identifying options for women workers, ensuring they have access to appropriate employment opportunities and related terms and conditions. The submitting public service trade unions take the responsibility of appropriate attention to the needs of women workers very seriously. They urge that other institutions and political agencies do the same.

The sectors within the responsibility of public service unions, such as health and non-formal education as well as the other public utility providers, are essential in ensuring that communities can receive the services they need – and know they deserve.

Responses to security challenges

It is proposed that responses to security challenges should include:

- (a) The Australian Government should ensure high level support for the freedom and opportunity of workers to participate in trade unions.
- (b) There needs to be recognition of the interlinked causes of insecurity in and between the focus countries.
- (c) There needs to be serious support for campaigns against criminality – accompanied by training and education of key community sectors such as police, health providers and judiciary.
- (d) Work with governments and public service providers to ensure systems and training for skilled monitoring and holding accountability those who hold an official brief to protect will be essential.
- (e) A campaign to gather data and devise appropriate education and community attitude change regarding domestic violence and other crime.