

SUBMISSION TO

SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE
REFERENCES COMMITTEE

**INQUIRY INTO AUSTRALIA'S RELATIONSHIP WITH Papua
New Guinea AND OTHER PACIFIC ISLAND COUNTRIES**

SUBMITTED BY

Oxfam Community Aid Abroad

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The Secretary
Senate Foreign Affairs, Defence and Trade References Committee
Room S1.57
Parliament House
Canberra ACT 2600

Oxfam Community Aid Abroad welcomes the opportunity to make a submission to the Senate Foreign Affairs, Defence and Trade References Committee inquiry into Australia's relationship with Papua New Guinea and Pacific Island Countries

Our submission addresses the following terms of reference

Australia's relationship with Papua New Guinea and then island states of Oceania and the South Pacific, (with particular reference to Papua New Guinea, the Solomons, Bougainville and Fiji)

- A) the current state of political relations between regional states and Australia and New Zealand (with particular emphasis on the Pacific Solution)*
- B) economic relations including trade and investment (with particular reference to mining)*
- C) Development co-operation relationships in the region*
- D) Implications for Australia of political, economic and security developments in the region.*

Oxfam Community Aid Abroad, (Oxfam Community Aid Abroad), is an independent, secular Australian organisation working in over 30 countries and in Indigenous Australia. Our vision is of a world in which people control their lives, their basic rights are respected and their environment is sustained. In working towards this vision, we use both our overseas projects and our advocacy programmes. Oxfam Community Aid Abroad was merged with Freedom from Hunger in 1992 and is the Australian member of Oxfam International, as well as a member of the Australian Council for Overseas Aid (ACFOA).

This submission draws on over 30 years of development experience in Papua New Guinea, Bougainville, Solomon Islands, Vanuatu and Fiji. Oxfam Community Aid Abroad has established a successful partnership with over 30 local organisations, from village based community development organisations, to regional bodies such as the Pacific Concerns Resource Centre which focuses on research, training and advocacy around the key regional issues.

Yours sincerely,

James Ensor,
Director of Public Policy and Outreach.

Executive Summary

The development challenges facing the Pacific region today are numerous and significant. Although island nations often conjure up images of paradise, they are among the most ecologically and economically vulnerable. The Pacific region and the key development issues affecting it are often misunderstood. Its nations are undergoing a period of rapid social change characterised by uncertainty and instability as a result of the environment and development pressures that beset them. There is increasing social and economic inequality, corruption and abuse of power by politicians and others in authority, youth alienation, ethnic tension, environmental degradation, violence against women and a steady decline in health and living standards.

Some of the issues confronting the region, such as the spread of HIV/AIDS, climatic change and rising sea levels are global in nature, while others are distinctively local. Responses need to be adjusted to the realities of a diverse collection of small island developing states, rather than simply duplicating initiatives that have worked in more populous African or Asian nations.

Due to our geographical position, shared history, former colonial status, and the links between our indigenous populations, Australia has a special relationship with the Pacific region, and with it, a special responsibility and opportunity to engage with the region in a cooperative and supportive relationship. In the last decade, Australia's relations with the region has been strained due to differences over climate change policy and political instability in Fiji, Papua New Guinea and the Solomon Islands.

Oxfam Community Aid Abroad believes that The "Pacific Solution" is an example of Australian domestic political concerns overshadowing foreign policy in the Pacific, threatening the internal stability of some of our neighbours, damaging Australia's reputation in the region and undermining the stated aims of Australia's aid program.

Australian industry is heavily involved in both public and private investment within the Pacific, especially in respect of the mining industry. Private sector investment can be an important driver of economic growth and poverty reduction in the Pacific, however, while current patterns of globalisation are creating opportunities for those with skills, education and assets, those without the opportunities – the landless, the poor and the illiterate – are being left behind. The ultimate risk for us all is that our shared prosperity cannot be built upon such unstable foundations. Therefore it is fundamental for companies to contribute positively to poverty alleviation and development by protecting and upholding the human rights of people affected by their activities.

Australia's development cooperation with the region is extremely important, and there have been many examples of positive outcomes from this relationship. However, Oxfam Community Aid Abroad recommends a greater emphasis be placed on localised delivery of Australia's aid program in the region in key sectors. This should involve working through civil society and local structures and initiatives to combat the alarming spread of HIV/AIDS, to reduce conflict and support reconciliation and reconstruction, and to address the underlying causes of poverty and injustice in the region.

Regional Overview

The development challenges facing the Pacific region are numerous and significant, but it is important that a response takes into account both the diversity of the region, and the existing capacities and responses of communities in dealing with the issues.

Some of the problems affecting the Pacific reflect those we see emerging globally. These include the spread of HIV/AIDS, youth alienation and unemployment, urban drift, rising crime and violence, environmental degradation, global warming, gender inequality, militarisation and conflict, national debt, and reconciling the cultural and land rights of indigenous peoples to the demands of a free market global economy.

Despite the global nature of many of the issues facing the Pacific, development responses need to be adjusted to the realities of small island developing states rather than duplicating initiatives that have worked in more populous African or Asian nations. While Pacific countries share some commonalities with the global community and with Asia, with which western countries most commonly group them, there are Pacific experiences and issues that are different and unique.

This uniqueness arises from the distinctive geographical, historical and cultural backgrounds and traditions of the Pacific. Features of this distinctiveness include the primacy of the community, a strong affinity of the people to the land, indigenous belief systems, the principle of reciprocity, and the uniting force of Christianity. The majority of land in the Pacific is held in customary tenure. The culture of all Pacific island societies is inextricably linked to their land and it is this link that forms the basis for people's economic, social, cultural and spiritual well-being. Customary land tenure systems are however, considered by business, government interests and international financial institutions, to be a major stumbling block to economic development in the region. Changes to the customary system of land "ownership" pose a major threat to the independence and lifestyle of Pacific people, impacting on local cultures, social cohesion and ability of people to be self-sufficient.

Many factors, including the introduction of a cash economy, and decisions about resource use are placing serious strains on traditional ways. Pacific governments are being forced to examine the appropriateness of customary institutions and laws in the light of changing social conditions. The maintenance and improvement of sustainable livelihoods depends heavily on the decisions made today with regard to the management of human, physical and cultural resources.

Although island nations often conjure up images of paradise, they are among the most ecologically and economically vulnerable. The Pacific region and the key development issues affecting it are often misunderstood. The colonial era has left a legacy of administrative and development priorities, which are westernized, centralised, costly and which most often bypass village and rural development. Development issues in the Pacific vary from country to country and depend upon a range of geographical, historical, cultural and other contextual factors. However, in common, is the challenge of attempting to reconcile the desire for economic growth and material goods with environmental sustainability, without destroying the local identity and social and cultural values of the people.

The difficulties of working in and relating to the entire region are many, given the huge range of cultural, linguistic, social, physical and environmental differences as well as the wide range of levels of development and living conditions within and between countries. But despite these differences there exists a unique bond that defines the Pacific experience. It is within these commonalities that lie the strength to make meaningful change a reality. Pacific

communities are increasingly asserting a common Pacific identity, identifying common developmental and political issues, and organising regional responses. Oxfam Community Aid Abroad has a relationship with a number of regional organisations working on such issues as nuclear waste and transportation, protection of bio-diversity, biopiracy, unfair trade, rising sea levels and violence in society.

Pacific nations are undergoing a period of rapid social change characterised by uncertainty and instability as a result of the environment and development pressures that beset them. There is increasing social and economic inequality, corruption and abuse of power by politicians and others in authority, youth alienation, ethnic tension, environmental degradation, violence against women and a steady decline in health and living standards.

A major issue facing all Pacific Island countries is how to find a balance in the trade-off for monetary gains. The social consequences of the loss of identity and traditional way of life that accompany the striving for economic growth are a major concern to many Pacific islanders, as is the need to integrate economic development with environmental sustainability and the maintenance of basic rights. Ocean, land and labour are the region's major resources, with the exception of the mineral-rich countries such as Papua New Guinea, Solomon Islands, Vanuatu and Kanaky.

Term of Reference A: Current Political Relationship between Australia and the Pacific

The Pacific Solution.

Oxfam Community Aid Abroad believes that The "Pacific Solution" is the latest example where Australia's attitudes to the Pacific are overshadowed by concentration on our own interests in the region.

Since October 2001, Nauru and Papua New Guinea have been the site of detention centres, where more than 1,500 asylum seekers have been held while their applications for asylum are processed. The origins of the policy are detailed in the Oxfam Community Aid Abroad report *Adrift in the Pacific*, released in February 2002. A copy of the report is attached. Rather than repeat the detailed information in the report, we will highlight key issues of concern which remain relevant to current Australian Pacific relations and implications for future stability.

Specifically, *Adrift in The Pacific* and our March submission to the Senate Inquiry into a Certain Maritime Incident highlighted three areas of concern regarding the Pacific Solution. These concerns outlined below remain valid, particularly in the light of the current Inquiry:

- The perception within the region regarding the dominance of Australian domestic political considerations and the impact of uncertainty about the length of the arrangements upon political stability in an already unstable region.
- The subsequent impact upon Australia's image and reputation within the region.
- The cost of the Pacific Solution and the undermining of the stated aims of Australia's Aid Programme - poverty reduction, promotion of good governance and regional collaboration

This submission will address the first two points above in this section. The final point will be addressed under Term of Reference C – regional development co-operation relationships.

Regional Perceptions – the Pacific Nightmare

In response to some May 2002 comments made by Foreign Affairs Minister Alexander Downer that Nauru was effectively bankrupt, Nauru's President Rene Harris described Australia's so-called "Pacific solution" for asylum seekers as a "Pacific nightmare."ⁱ President Harris also bluntly outlined the role of domestic politics in determining refugee arrivals policy

*"Tampa won it for them at the last election...I have an election coming up in 10 months and I'm not riding too well."*ⁱⁱ

Regional commentators have noted that Australia has only turned to Nauru to deal with its short-term political interests in the lead up to national elections. In this context it is worth noting that in August 2001, Prime Minister Howard declined to attend the Pacific Islands Forum in Nauru, sending then Defence Minister Peter Reith as his representative, even though Mr Reith had already announced his retirement from Parliament at the forthcoming elections. It was Mr Reith rather than Foreign Minister Downer who returned to Nauru the next month to negotiate the detention deal

Undercurrents of Instability

The Nauruan government has come under significant political pressure from many Nauruans who feel they have been kept in the dark about the negotiations with Australia. By March 2002, the opposition party Naoero Amo (Nauru First) had collected 1,100 signatures – some ten per cent of the population - calling for parliament to sit. To dispel this threat to his government, President Harris maintained that all asylum-seekers would be gone by the end of May.ⁱⁱⁱ

Unfortunately, the Australian government has not been transparent with the public in Australia and Nauru about the length of time to be taken for the processing of applications. President Harris has stressed the need for up-to-date information to be provided:

"If they can tell me tomorrow if they must stay another x months .. then I will tell my people. That is all I want. So I don't leave my people in limbo. Those that are renting their houses, those that are providing goods and services. What we know of what's happening is what we read of what Ruddock had told the media, not what he had told me."^{iv}

During the initial negotiations to establish the detention centres on Nauru, the public were told that the asylum seekers were only expected to remain in the Pacific islands "for up to two to three months."^v

This was followed by promises that the asylum seekers would only be held there for six months. Interviewed in January 2002, Immigration Minister Phillip Ruddock stated that Australia had no plans to ask Nauru to keep asylum seekers beyond May 2002. At the time, Mr. Ruddock stated that there was no need to ask Nauru for an extension on the agreement.^{vi}

The same month, Nauru's President Rene Harris stated:

"We would prefer that they stick to the agreement because it's all agreed to – the land which would give it to them, we ask the landowners of Nauru that we use the land up until May. So we'd prefer that it ends in May because that is how we decided with our people."^{vii}

Both President Harris and Foreign Minister Downer have acknowledged there may have been some confusion in the Memorandum of Understanding governing the detention centres. The Australian government has been stressing that the detention of asylum seekers is a temporary measure, limited to six months duration, while the formal text of the MOU leaves the period open-ended for as long “as is reasonably necessary.”

Significantly, in the 2002-03 budget, the Australian government has included plans for \$430 million over four years to continue processing asylum applications in Pacific countries.

After meeting with Foreign Minister Downer on 14 June 2002 President Harris seemed mollified. The Australian government pledged that processing of asylum applicants would be completed by the end of June. However, Oxfam Community Aid Abroad believes that political pressure on the Nauruan government will increase, as it becomes clear that Australia cannot quickly find resettlement places for those people who have been determined to be refugees.

The initial MOU between Australia and Papua New Guinea, covering Manus Island, also states that all persons entering under this arrangement will have left after six months “or as short a time as is reasonably necessary.” (This Papua New Guinea agreement was subsequently extended to 12 months for an increased number of asylum seekers, as detailed in *Adrift in the Pacific*).

The same problem of potential political instability has arisen in Papua New Guinea. After Papua New Guinea Foreign Minister John Pundari was sacked in 2001 for refusing to accept an increase in numbers and an extension of time for processing at the Manus Island detention centre, his position was taken by Dr. John Waiko. In January 2002, Foreign Minister Dr. Waiko said:

“We are ready to receive additional asylum seekers, provided that we have got a written guarantee from the Australian government that not one single asylum seeker will remain on the soil of Papua New Guinea after they have been processed.”^{viii}

Dr Waiko stated that Foreign Minister Downer’s formal assurance that no asylum seeker would remain in Papua New Guinea after their status is determined was a key reason for Cabinet’s approval.

The Australian government was willing to leave the public impression that the arrangements for asylum seekers in third countries were temporary, even though the MOU left the timing open-ended. This policy was confirmed in a statement from DIMIA Deputy Secretary Edward Killesteyn to the Senate Select Committee on a Certain Maritime Incident on 16 April:

“The reference to a time frame with Nauru is probably something that you recollect from earlier public information. The first agreement with Nauru was actually for a six-month period; that was the original agreement negotiated between then Minister Reith and President Harris. Subsequent to that there was a renegotiation of that first administrative agreement to a new MOU – memorandum of understanding – and essentially that provides for no particular termination clause or time frame for the existence of the processing centre in Nauru.”^{ix}

Not only is there a growing sense of grievance over the arrangements but there are also broader political and social stability issues emerging in both Papua New Guinea and Nauru.

As Tas Maketu of Caritas Papua New Guinea, a former Secretary of Defence for Papua New Guinea, has stated:

“Another issue of concern is that it is taking too long for Australia to process the asylum seekers. Host countries are now seriously concerned as to whether a third country will be found for them if Australia refuses to take any of them and a third country also refuses to take them.... Papua New Guinea is not in a position to take them on as we have a very fragile social and political structure which cannot take pressure from someone outside coming in. There are not enough services to go around. If asylum seekers were to be in Papua New Guinea and they got favoured treatment, then all hell would break loose”.^x

As predicted in *Adrift in the Pacific*, delays in the processing of the asylum seekers and delayed determination of their final destination are raising some concern in the region. Speaking at the CHOGM meeting in Coolum in March 2002, Noel Levi, Secretary General of the Pacific Islands Forum Secretariat, expressed concern that the burden being placed on small island states may cause political and social problems if the issue drags on. He stated:

“The political fabric of many of our countries is pretty fragile. If you allow these people to stay longer, under the Convention,..., the state is obligated to give them services and the services would not be in proportion to what they give to its own people. And then you are likely to create a situation where the people become restless and complain that as taxpayers, they're not being looked after by their governments.”^{xi}

As suggested above, This issue has also surfaced in Nauru. In a radio interview on 13 March 2002, Nauruan Member of Parliament Anthony Audoa stated that the presence of the detention centres in Nauru is causing “division and resentment” at a time of ongoing economic problems for the country. He added:

“The Nauruan people to this date as we speak are continuing to have their electricity cut off, water is not there. For the last four weeks, I myself as a Member of Parliament have not received any allowance, and the people who are staying at Topside – the refugees – are getting a good deal. In fact they’re living better than the Nauruans themselves”.^{xii}

In Manus Island, there are similar concerns over the disparity of conditions for the asylum seekers in detention and the local residents, as expressed by Bishop Kiapseni:

“Now we read in the newspapers of the first class medical facilities being made available primarily to the asylum seekers. We must compare this to the facilities we offer our own citizens at our aid posts, health centres and hospitals. Is it right that such a first class facility be provided for people who do not even want to be here?”^{xiii}

Church leaders have noted that over \$40 million has been spent to establish and run the camp on Manus Island for less than 400 refugees, while church and humanitarian agencies are using their own resources to support over 6,000 West Papuan refugees and border crossers living in official and unofficial camps along the border with Indonesian-controlled Papua – a refugee crisis largely ignored by Australia

Similar concerns were raised by Tas Maketu of Caritas Papua New Guinea after visiting the camp on Manus Island. Maketu noted the availability of services for the detainees – laundry, meals, TV, medical facilities – that most rural villagers in Papua New Guinea cannot access:

“They have 5 doctors to 326 asylum seekers (an average of one doctor to 60 people) when the rest of Papua New Guinea will be lucky if they can get one doctor for 60,000 people... Money is no object in the Pacific solution. Obviously the people were on their way to Australia and hence Australia must make life more interesting for them in order to quieten them down.”^{xiv}

Some local residents have gained employment after the establishment of the Manus camp, as security guards, cooks and food suppliers. But while there have been some short-term

economic spin-offs for the local community, Manus Island church leaders have expressed concerns over the longer social impacts caused by the presence of the detention centre. Bishop Kiapseni again:

“Has anyone given serious thought to the social consequences of the ‘gift’ of the asylum seekers? The very rapid and furious work being undertaken at the Base has meant the employment of a lot of people, including many from outside of Lorengau, as local expertise apparently is not enough. Local reports say that prostitution has increased, as has the drugs trade. We all know that these activities inevitably lead to a rise in the incidence of sexually transmitted diseases and the deadly AIDS virus.”^{xv}

The following questions assume significant importance within this context:

- What will happen to the hundreds of people already determined to be refugees?
- What will happen to those people in Nauru and Manus Island whose applications for asylum, after review and appeal, are rejected?
- Will the camps on Nauru and Manus be closed in 2002, or will the “Pacific solution” continue for the next four years?

Australia’s Image.

Although the current governments of both Papua New Guinea and Nauru have agreed to continue hosting the camps, Oxfam Community Aid Abroad believes the refugee crisis has further damaged Australia’s image in the region at a time when other Australian policies (e.g. on climate change) are stretching relations with Pacific neighbours.

The focus by the Australian government on the so-called “Pacific solution” is seen as overshadowing other key priorities in the region. The Australian government rightly promotes accountability, transparency and sustainability as key principles for governance in the Pacific, so the lack of sustainability in their current refugee program has sparked widespread anger, especially after numerous Australian lectures about accountability over aid programs.

Bishop Ambrose Kaipseni MSC DD, head of the Catholic Church for the Diocese of Kavieng (which covers Manus province) has stated:

“Is our neighbour and benefactor holding the very sharp ‘AID ASSISTANCE’ sword over our heads, meaning given the amount of aid from Australia to Papua New Guinea, our government has no option than to accept the boat people? ...Let there be no more ‘boat people’ brought to Papua New Guinea, it is immoral. Rather all asylum seekers caught on the sea heading for Australia should be allowed to land there and live in suitable conditions and be properly processed under the scrutiny of the Australian people, who are better able to voice their approval or disapproval of the actions of the government. The government of Australia is far more scrutinised by the media, and more accountable to their people in real terms than here in Papua New Guinea.”^{xvi}

Legal and Constitutional Issues.

There is growing concern in the region that the “Pacific Solution” is further damaging Australia’s image in the region through alleged inconsistency of the policy with the Constitution of Papua New Guinea.

A legal challenge is being mounted by Papua New Guinea lawyers to test the constitutionality of the detention of asylum seekers on Manus Island. Papua New Guinea lawyer Patrick Harricknen argues:

“The Government of Papua New Guinea and the Australian Government have broken the laws of this country, by unlawful detention of the asylum seekers against the express constitutional requirements of Papua New Guinea.”^{xvii}

Section s.42(2) of the Papua New Guinea Constitution, states that a person who is detained “shall be given adequate opportunity to give instructions to a lawyer of his choice in the place in which he is detained, and shall be informed immediately on his arrest or detention of his rights under this subsection.” Yet asylum seekers on Manus Island have not been given access to independent lawyers for detailed legal advice about their rights under Australian immigration and refugee law.

In Papua New Guinea, community leaders have stated that Australian policy is overriding Papua New Guinea laws. Bishop Ambrose Kiapseni notes:

“Why are we keeping people innocent of any wrong doing in Papua New Guinea behind barbed wire? Is it because our neighbour and benefactor has asked us to do this thing. Shouldn't our own laws in our own country take precedence over requests from neighbours?”^{xviii}

Tas Maketu has echoed the concerns raised by senior political and community leaders about the legal and constitutional impact of Australia’s policy:

“The use of money as a means to an end and the apparent unlimited quantity of it is considered as totally immoral. Australia should not be using Pacific states to offload its problems onto. We hear that when asked if the Papua New Guinea government had broken its law by taking in asylum seekers who have not broken any law, the Australian Minister responded: ‘Well that is their problem to sort out. It has nothing to do with me or Australia’. How could an Australian Prime Minister react in this way?”^{xix}

Recommendations.

Recommendation 1. The Australian Government should upgrade political representation to Pacific fora such as the South Pacific Forum. Australia needs to recognise the cultural importance placed upon personal ties and face-to-face personal engagement, and the historical importance of transcending the legacy of colonialism and demonstrating a commitment to an equal relationship.

Recommendation 2. The Australian Government should end mandatory detention of asylum seekers in the Pacific islands and close the camps in Nauru and Manus Island.

Recommendation 3. The Australian Government should Increase support to address the situation of refugees and internally displaced people in West Papua, Bougainville, Solomon Islands, Fiji and Papua New Guinea.

Recommendation 4. The Australian Government should provide support for Pacific Island governments to sign and ratify the 1951 Convention on the Status of Refugees, the 1967 Protocol and other relevant human rights instruments, and to fully meet the relevant obligation.

Recommendation 5 The Australian Government should increase Australian development assistance to meet the UN target of 0.7 per cent of GDP, with special programs targeted at peace-building in areas of conflict, assistance to countries hosting millions of refugees (such as Pakistan and Iran) and long-term sustainable development programs.

Term of Reference B: Economic Relations – Trade & Investment (Mining).

Trade issues in the Pacific.

The pattern of trade for the nations of the South Pacific is one of dependence on markets outside the region, including Australia and New Zealand, and very little significant intra-regional trade. The small size and limited purchasing power of domestic markets means that this situation is likely to continue. But remoteness from their external markets means that, in an increasingly liberalized and competitive trading environment, South Pacific countries will always have problems with competitiveness because of the high cost of transportation.

The other characteristic of trade in the region is dependence on primary commodities - including minerals, timber, copra and coffee and in the case of Fiji - sugar.

Fiji has also diversified with some success into manufactured exports in the form of textiles and clothing. However, competitiveness remains an issue because of the lack of a domestic cotton industry and reliance on imported raw materials.

With the imminent demise of its preferential access to European markets under the Cotonou Agreement, (2000), it is not clear that the garment industry in Fiji will survive in the long term. Even if it does, it means a concentration on low-skill products with few backward linkages within the domestic economy and low levels of local value-added.

In an increasingly liberalized and competitive world there will be winners and losers. In the case of the countries of the South Pacific, it is not clear where their competitive advantage lies, or indeed whether they have one.

Commodity dependence.

The recently released UNCTAD report, *Least Developed Countries Report 2002 - Escaping the Poverty Trap* refers specifically to Least Developed Countries (LDCs) of which there are five in the South Pacific (Kiribati, Samoa, Solomon Islands, Tuvalu, Vanuatu). The findings of the report apply to the whole region.

According to the report, the incidence of extreme poverty is highest in countries dependent on primary commodity exports for their economic survival and development. Using a new set of poverty estimates, it shows that the percentage of people living on less than \$1 a day in non-oil commodity-exporting LDCs has risen from 63 percent in 1981-1983 to 69 percent in 1997-1999.

The type of export in which countries specialize makes a big difference in their economic success and patterns of poverty, and it is the primary commodity exporters that are being left the farthest behind in global development. In 1997-1999, 79 percent of the people living on less than \$1 a day in the LDCs were living in these countries. In 1999, the average real GDP per capita (adjusted for purchasing power) was lower in non-oil commodity-exporting LDCs than it had been in 1970.

The UNCTAD report argues that, contrary to the conventional wisdom, **persistent poverty in poorer countries such as those in the South Pacific is not due to insufficient trade liberalization or lack of trade integration.** In fact, during 1997-1998, exports and imports of goods and services constituted on average 43 percent of the GDP of LDCs, about the same as that of industrialized countries. Poverty is related to the form of trade integration, and in particular to the type of export specialization.

At the national level, low income is leading to low savings, low savings to low investment, and low investment to low productivity and low income. Between 1995 and 1999, for example, the average per capita income in the LDCs was \$0.72 a day and average per capita consumption, \$0.57 a day (measured in terms of current prices and official exchange rates). This would leave an average \$0.15 per person per day to spend on private capital formation, public investment in infrastructure and the running of vital public services, including health, education, administration and law and order.

State capacities are weak where extreme poverty is pervasive, and political conflict and instability associated with the struggle for survival can further worsen the situation. This is particularly acute in mineral-exporting countries such as Papua New Guinea. The percentage of people living on less than \$1 a day has soared in these countries from 61 percent in 1981-1983 to 82 percent in 1997-1999, owing partly to the squandering of rich resources and armed conflict over control of resource revenues such as in Bougainville.

While access to foreign investment, markets and technology could help the countries of the South Pacific break out of the poverty trap, the trap is actually being reinforced, and not broken, by international trade and finance relationships. The ability of international trade to act as an engine of growth and poverty reduction is being short-circuited by falling world commodity prices. At the end of 2001, real non-fuel commodity prices had plunged to one half of their annual average for the period 1979-1981. Large increases in export volume are not translating into large increases in export revenue and the capacity to buy imports.

Also slow export growth and commodity price instability has led to a build-up of unsustainable external debt in commodity exporting countries. In 2000, all but four of the 27 LDC non-oil commodity exporters had an unsustainable external debt, according to the criteria of the enhanced HIPC (Highly Indebted Poor Countries) Initiative. **This included four of the five Pacific LDCs (the exception being Solomon Islands).**

In the South Pacific new measures are needed to eliminate excessive price instability and provide compensatory financing schemes to deal with price shocks. New and innovative institutions and organizations are required to put price risk management instruments in place.

There is a need to break the link between commodity price behaviour and persistent indebtedness, for example, by making debt repayment schedules contingent on world commodity prices.

The long-term decline in world commodity prices must be tackled. Regular consultation is needed among international organizations, commodity bodies and governments with a view to increasing production away from crowded markets, instituting voluntary supply management schemes, and ensuring that fair trade principles apply and growers receive a fair price.

Recommendations.

Recommendation 6. The Australian Government should provide increased technical, financial and managerial assistance to the South Pacific (such as that provided by the Pacific Islands Trade and Investment Commission) to improve product quality, marketing skills and information, and connections to potential buyers.

Recommendation 7. The Australian Government should support a renewal and recasting of international commodity policy. In particular, the Australian Government should support a new institution to oversee global commodity markets and a new system of commodity agreements. This institution would act to reduce price volatility, develop financing mechanisms aimed at bringing supply back into balance with demand at reasonable price levels, and diversification, as well as strategies for adding value.

Private Investment in the Pacific.

Australian industry is heavily involved in both public and private investment within the Pacific, especially in respect of the mining industry.

The private sector has an increasingly critical influence over human development. In 1990, the private sector accounted for 25 % of investment into the developing world while 75% of investment was foreign aid. By 1996 the numbers had reversed with 75% of investment being private sector investment. The level of private sector investment within the Pacific by Australian companies has also increased dramatically.

Private sector investment can be an important driver for economic growth and poverty reduction in the Pacific. Economic growth, combined with appropriate State intervention such as proper competition policies, anti-corruption measures, protection of vulnerable industries, effective taxation and heavy investment in education and health care – can produce equitable growth and large scale reduction of poverty.

Current patterns of globalisation are creating opportunities for those with skills, education and assets. Those without the opportunities – the landless, the poor and the illiterate – are being left behind.

The ultimate risk for us all is that our shared prosperity cannot be built upon such unstable foundations. The anger and despair that accompany such gross inequalities in wealth and power will ultimately not respect national borders, triggering increasing national, regional and global political and social instability – an environment in which business cannot survive sustainably. The crisis brought about through the Panguna mine operated and owned by the Australian mining company, Rio Tinto, provides a glaring example in the Pacific of where Australian investment has helped cause instability and insecurity in the Pacific.

Therefore it is fundamental for companies to contribute positively to poverty alleviation and development by protecting and upholding the human rights of people affected by their activities. This is especially important where companies operate in countries where governments have failed to implement national legislation consistent with the international human rights framework, or fail to uphold these standards in their own practices.

As a result, Australian companies operating in the Pacific region should;

- Ensure that no community shall be socially, economically or culturally worse off as a result of any activities (as per the findings of the World Commission on Dams).

- Act in accordance with internationally accepted benchmarks, such as those laid down under the international human rights system and best practice irrespective of local circumstances and regulation.
- Adopt a rigorous, independent complaints mechanism with sanctions.
- More generally contribute to the 2015 Millennium Development Goals. The private sector has a strong argument in self-interest for doing so given the increasing inequality in the world, which will lead to increased instability and insecurity.
- Uphold the rights of indigenous communities as set out under the United Nations Declaration on the Rights of Indigenous Peoples and engage with these peoples about what their perspective is of the role of private sector in their development.

Oxfam Community Aid Abroad does not support voluntary mechanisms as an alternative to the proper and legitimate role of states to regulate the activities of the private sector in respect of human rights standards. While codes of conduct and other voluntary mechanisms are useful standard setting tools for the private sector internally, they are not, not should they be advocated as, substitutes for companies being legally and ethically bound to comply with international and national human rights standards.

Oxfam Community Aid Abroad believes that internationally accepted environmental, human rights and labour standards should be imposed on Australia businesses operating overseas. One potential example of such standards is the Corporate Code of Conduct Bill 2000, introduced into the Senate in September 2000 by the Australian Democrats. The Bill aimed to impose health and safety, environment, employment and human rights standards on Australian corporations that employ more than 100 persons in a foreign country.

The Australian Mining Industry in Papua New Guinea .

In Papua New Guinea, Australian mining companies have invested in many projects which have had and continue to have significant negative environmental and social outcomes for Pacific communities. These include the current Ok Tedi, Porgera, Misima and Lihir mines and Rio Tinto's former Panguna mine on Bougainville. These current mining operations use destructive technology and practices that would be illegal in Australia, such as the dumping of mine tailings into rivers and the ocean. This has caused conflict between and within communities.

In the last decade the Australian mining industry has significantly expanded its global operations. In doing so, the mining industry is increasingly operating amongst poor and vulnerable communities that live in remote areas. These are the same types of communities amongst whom Oxfam Community Aid Abroad has been working for the last 40 years.

Over the last few years, we have received an increasing number of reports of problems caused by Australian mining companies particularly in Papua New Guinea and Indonesia. In nearly all of these cases the root problem can be traced back to a denial of some basic economic, social, cultural, political or civil rights of the affected groups or individuals. This is particularly so in countries where government at various levels does not adequately respect or protect these rights.

In February 2000 Oxfam Community Aid Abroad established its own Mining Ombudsman. The aims of the Oxfam Community Aid Abroad Mining Ombudsman are to:

- Assist communities whose basic rights are being threatened, or have been infringed or violated by the operations of Australian based mining companies, by raising their cases directly with the companies concerned within Australia.
- Assist communities who are, or might be, affected by a mining operation to understand their rights established by international human rights instruments and industry best practice.
- Ensure that the Australian mining industry operates in such a way that the basic rights of landowners and affected communities are better protected.
- Encourage the Australian mining industry, in conjunction with the Australian Government, to establish an official complaints mechanism within Australia.
- Encourage the Australian government to extend regulated controls and sanctions to the activities of Australian mining companies when operating overseas that require these companies to meet standards at least equivalent to those required of them in Australia.

The role of the Mining Ombudsman is not to adjudicate on cases, but rather to seek to ensure that the process by which companies deal with local communities and claimants is a fair and equitable one, which respects the fundamental rights of landowners and affected communities.

A number of the cases currently before the Mining Ombudsman concern Australian mining companies that have invested in Papua New Guinea.

Although each case is unique, the grievances of landowners and affected communities can be loosely grouped into four areas of negative impact:

- Loss of land without proper compensation;
- Loss of sustainable livelihoods;
- Degradation of waterways and other natural resources upon which people depend; and
- Human rights abuses by the police or security personnel acting in the interests of the company.

Many of these problems could be avoided if companies would commit to the principle of obtaining the prior, free and informed consent of landowners and affected communities as a precondition for their exploration and mining activities. This would require a recognition and upholding of the rights of legitimate landowners (irrespective of whether they hold formal title), and ensuring that affected groups and individuals are fully informed of the proposed use of their land and all the likely environmental and social impacts.

Recommendations.

Recommendation 8. The Australian Government should implement laws that impose internationally accepted environment, employment, health & safety, and human rights standards on Australian companies operating overseas.

Recommendation 9. The Australian Government should develop and implement a mandatory code of conduct for Australian businesses operating in the Pacific.

Recommendation 10. The Australian Government should support the development of corporate codes of conduct internationally and in our region, for example through bodies such as the Organisation for Economic Cooperation and Development (OECD), of which Australia is a member.

Term of Reference C: Development Co-operation Relationship in the Region.

Oxfam Community Aid Abroad's program and approach to working in the Pacific is guided by a Pacific definition of "development". From our experience, Pacific people challenge western concepts of "development" and "poverty", arguing that our use of these terms implies a criticism of traditional life and systems already in place. Pacific people maintain that while they may not have much in the way of material possessions or money, they are not poor providing they still have their land, culture and community. They argue that the concept of "development" used by aid organisations and western governments fails to recognise that Pacific peoples have been developing for thousands of years. What many in the west would identify as "development", Pacific communities view as "rapid change", change largely imposed from outside and often destructive to communities and the environment.

What they argue for is a definition of development from a Pacific perspective, which has as its goal "meaningful change", and incorporates a recognition of traditional values, knowledge and initiatives, cultural identity and belief systems, and over which communities develop the organisational capacity to control the rate and nature of this change.

Aid Delivery.

There is an increasing trend towards aid delivery through consultants, viewed by many in the region as an overpaid, transitory and mercenary elite, outsiders who are seen in many cases to be compromised by their association with major development banks. There has also been a worrying decline of Australian expertise and direct engagement in the region. The Pacific has been downgraded in terms of political representation with the removal of the position of Special Minister for the Pacific by the Keating government.

Australian academic expertise is also thinning. In recent years there have been severe cuts to the number of higher education institutions offering Pacific studies, and Pacific related history and anthropology courses.

Emphasis should be on on-the-ground support, and focus on existing local structures. Working with Australian NGOs who have an established on the ground engagement with Pacific communities can provide an effective way of delivering aid and development programs, provide a valuable source of information, and help counter the "consultancy image" of the Australian aid program.

There also needs to be a commitment to further develop within AusAID and the Department of Foreign Affairs and Trade, people with Pacific expertise, and a commitment to and an on-the-ground understanding of the region. The Pacific should not be viewed as a stepping stone to more glamorous postings for career diplomats.

In the past AusAID's primary focus has not been to work at a community level, nor to support the non-government and community sector. Given that few European or American NGOs are active in the Pacific, and that key the European ecumenical agencies (ICCO and EZE), the UK government aid agency DFID, and the US Peace Corps are either withdrawing or scaling back their Pacific activities, it would be timely for a reassessment of AusAID's focus, and level of commitment to the region.

Recommendations.

Recommendation 11. AusAID should give greater emphasis to delivery of the Australian aid program in the Pacific at a local level as an effective way of delivering the aid program. This should emphasise supporting existing local structures, mechanisms and initiatives for delivery of the Australian aid program..

Recommendation 12. AusAID should recognise and take into account the specific cultural context within the different Pacific countries and regions, and tap into aspects of indigenous cultures to support development objectives.

Recommendation 13. AusAID should take steps to ensure that poverty alleviation programs concentrate not only on the material and economic aspects of poverty, but also address the underlying causes of poverty and powerlessness throughout the Pacific..

Recommendation 14. AusAID should ensure Australian Government aid programs involve a high level of community participation in order to achieve community ownership and therefore sustainability.

The 2002-03 Aid Budget.

In its development programs in the Pacific, the Australian government has stressed the importance of poverty reduction, good governance, transparency and sustainability. Oxfam Community Aid Abroad supports these policy directions but is concerned that these principles have not been in the allocation of funds for the implementation of the Pacific Solution.

The 2002-03 federal budget allocates \$ 431 million for processing asylum seekers in Pacific countries even though government ministers have repeatedly stated that the detention camps in Nauru and Papua New Guinea are short-term measures. This is on top of earlier costs to taxpayers of more than \$140 million in 2001-02, according to data given by the Immigration Department to a Senate select committee in April 2002. This comprises \$72 million spent on establishing and running the two detention centres on Nauru, and \$42.5 million for the camp on Manus Island.

Beyond this, \$26.5 million of “additional aid” (an effective 196.7% increase over the previous year) has been allocated for Nauru in 2001-2003, to meet pledges made by then Defence Minister Reith and Foreign Minister Alexander Downer in 2001. With “additional aid” provided to host the asylum seeker detention camps, Nauru appears to have received an unanticipated – and unsustainable - windfall from the “Pacific solution.”

Whilst Oxfam Community Aid Abroad welcomes the government’s assurance that overseas development assistance programs will not be affected this financial year or in the future we note the continuing involvement of AusAID in administering this additional aid.

Along with other NGOs Oxfam Community Aid Abroad believes that a strong perception remains that aid priorities are open to clear distortion through these commitments. As the Australian Council for Overseas Aid (ACFOA) has pointed out;

“ACFOA is particularly concerned about the impacts the Pacific Solution on the aid budget. With a population of just over 12,000, Australian aid per person in Nauru is about \$1,900. This compares to our total aid of \$121.5 million or 62 cents per person in Indonesia,. ..While a liberal interpretation of OECD guidelines governing what constitutes development assistance means the Pacific Solution could technically be claimed as aid, ACFOA would argue that the

practice is inconsistent and has the potential to undermine Government policy coherence in the area of overseas aid.”^{xx}

The expenditure of hundreds of millions of dollars on detention of asylum seekers in the Pacific islands could better be allocated towards development assistance and addressing the root causes of war, human rights abuse and environmental devastation that lead to people fleeing their homes.

For example, Australia’s funding focus on the 1,600 people affected by the “Pacific solution” masks the tens of thousands of internally displaced people and refugees in neighbouring Pacific countries such as the Solomon Islands, Bougainville and West Papua.

As mentioned above, Church leaders in Papua New Guinea have noted that more than \$40 million has been spent to establish and run the camp on Manus Island for less than 400 refugees, while church and humanitarian agencies are using limited resources to support over 6,000 West Papuan refugees and border crossers living in official and unofficial camps along the border with Indonesian-controlled Papua. There are also some 17,000 internally displaced people within Papua.

In this context Oxfam Community Aid Abroad notes also that Senate committees have revealed that negotiations with Papua New Guinea and Nauru suggest that offers of aid were used as inducements.

A meeting was held on 8 October 2001 to finalise an agreement on Australian aid for Papua New Guinea defence reforms. In testimony to the Senate budget estimates hearing, Michael Potts of the Department of Prime Minister and Cabinet has revealed that after Australia had promised the defence aid, Cabinet secretary Max Moore Wilton raised the prospect of Papua New Guinea helping Australia out by housing asylum seekers.^{xxi}

Oxfam Community Aid Abroad also notes the speed with which a tranche of AusAID funds for Papua New Guinea - some 10 per cent of the value of the annual program – was “reprioritised” in October 2001, in the middle of the Federal election campaign. AusAID officials told Senate hearings of the Foreign Affairs and Trade Committee that the decisions to re-allocate and transfer \$34 million of aid funds for Papua New Guinea were unrelated to the asylum seeker issue, even though it was the first time this had occurred in an election campaign.^{xxii}

Health Issues.

Women’s reproductive health, the high incidence of sexually transmitted diseases; endemic malaria, the growing incidence of AIDS in many countries and the growing numbers of western diseases are all major health concerns in the Pacific. Levels of health in the Pacific countries have fallen steadily in the past decade, which increases the vulnerability to material poverty, most particularly the basic health standards of women. For example:

- Mortality rates among children younger than five years in Papua New Guinea is more than twice that of overall East Asia and Pacific region (54% of live births), and it is one of only four countries to fail to improve this since 1980
- Maternal mortality rates in Papua New Guinea are high (370 per 1000) and are generally high in the region, with Solomon Is (550), FSM (561), despite the relatively high government expenditure.

Poor industrial health and safety and working conditions in major industrial and resource extraction industries, and their associated pollution of rivers, waterways and land are also causing health problems and death. Education linked with preventative health programs is seen as a priority for increasing the quality of health in poor Pacific countries, where lack of infrastructure and isolation mean that it is too expensive to simply increase the range and number of health services.

HIV/AIDS in the Pacific.

The HIV epidemic is spreading in the Melanesian region. Social changes such as urban drift, an increase in the cash economy, increasing population mobility, and fragmenting social structures, further increase the risk of the virus' spread amongst populations that are already vulnerable due to poor access to health, poverty, unsafe injecting drug practices, gender inequality, and unavailability of condoms.

Papua New Guinea has the highest rate of infection in the region with a recent AusAID study predicting a devastating crisis of African proportions, with the potential to decimate the country's population and cripple its government and economy. A worst case scenario warns that without an immediate and effective response, Papua New Guinea could lose as many as 37% of the adult population by 2020 to the epidemic.

Reports also suggest that in the past two years the epidemic in Fiji has shifted from one that was slowly developing to one that is expanding rapidly. Whilst Vanuatu and the Solomon Islands have yet to register a significant number of HIV infections, it is considered likely that the HIV epidemic will spread rapidly in those countries due to the presence of similar risk factors to other HIV affected countries and communities.

With the exception of Papua New Guinea, governments in the region have been slow to act in response to HIV/AIDS and the overall level of NGO capacity is poor. There is a widespread lack of understanding of HIV and AIDS across the region. Minimal care is provided to those affected by HIV. Fear, discrimination and stigma are deep and widespread. There are extensive attitudinal, social, behavioural, cultural and religious issues impacting on the spread of the virus.

The experiences of severely affected countries have made it clear that no single action can make a meaningful and lasting impact on the HIV/AIDS crisis. Nor can governments working on their own, ensure the well being of their populations. Partnerships are key, as are increased resources, policy development, review and reform of laws, social mobilization and coordination among the various sectors of government, the private sector, non-government organisations and the population as a whole. Equally crucial, there needs to be very close involvement of those most affected by the epidemic – children, families and communities – whose role in tackling this still unfolding tragedy will continue to be indispensable.

Oxfam Community Aid Abroad has recently commissioned a detailed study into the spread of HIV/AIDS in the Pacific, and is developing a strategy to respond to the epidemic. We are already supporting a successful program in Goroka, Papua New Guinea, working through a local partner to supply condoms, training and support to sex workers to improve their lives and help prevent the spread of the virus.

Recommendations.

Recommendation 15. The Australian Government's five year Pacific Regional HIV/Aids project should:

Oxfam Community Aid Abroad Submission to the Senate Foreign Affairs, Defence and Trade References Committee Inquiry into Australia's relationship with Papua New Guinea and other Pacific Island Countries.

- *Support initiatives increasing the awareness and prevention of HIV Aids dimensions, and to advocate on behalf of those affected by and vulnerable to HIV.*
- *Increase the capacity of Pacific NGO's to cope with the impact of the epidemic, understand its social dimensions and advocate on behalf of those affected by and vulnerable to HIV Aids.*
- *Utilize local expertise as a means of promoting local capacity building and consider re-current funding to ensure the on-going viability of key projects.*

Recommendation 16. AusAID should integrate HIV/AIDS analysis into all Australian Government development interventions in the Pacific regions.

Recommendation 17. The Australian Government should develop and implement HIV/AIDS analysis and policy responses across all relevant government functions including trade and defence policy.

Conflict Resolution and Peace Building.

In the Melanesian sub-region, struggles for self-determination continue in almost every country. The recently resolved secessionist struggle on Bougainville lasted for many years, providing the region's most intense and embittered conflict. Provoked by the environmental, political and social catastrophe of Panguna copper mine, Bougainville provides an example of the complexities and contradictions surrounding large scale, foreign controlled "development" in the Pacific. In the rest of Papua New Guinea increasing law and order problems have resulted in the Papua New Guinea government passing restrictive legislation, and at times severe forms of social control. There has been a breakdown in judicial institutions charged with safeguarding constitutionally guaranteed rights.

Civil unrest can be triggered by poor governance, flawed political systems, poor leadership, unequal access to political processes and a lack of democratic participation. This situation is exacerbated in societies in a transition from traditional to modern systems of organisation and governance, and in which the benefits of development are shared unequally.

Oxfam Community Aid Abroad is working to reduce the causes of conflict and civil disorder, and the threat this poses to the livelihoods of communities. Our development program aims to strengthen civil society so that men and women at the local, national and regional levels can play a role in peace building and reconciliation and in addressing the causes of conflict.

Bougainville.

The Bougainville crisis has arguably had the most serious and dramatic impact on the Pacific region in recent years, severely damaging the body politic of both Papua New Guinea and Solomon Islands, and significantly impacting on Australian government policy. The Australian Government's commitment to the peace process and support for negotiations on autonomy has been a positive development in Australian foreign policy.

While there have been spectacular achievements in terms of demilitarisation and disarmament, and the process of peace and reconciliation, there is still an enormous amount to be done. A lasting peace and the viability of the autonomy agreement depend upon continued support for reconciliation and reconstruction in Bougainville.

Oxfam Community Aid Abroad worked with local groups on both sides of the conflict throughout the crisis, and continues to support local Bougainvillean NGOs involved in primary health training and delivery, literacy, vocational training, youth mobilisation, gender-based violence, and trauma counselling. These programs and organisations were developed out of the lessons learned about the underlying causes of the crisis, about the positive and negative aspects of the development model in Bougainville pre-crisis. They are an attempt to build on the self-reliance model for which there is widespread support and commitment. Bougainville is a place where we can continue to learn from people about appropriate models of development for the Pacific.

One concern of Oxfam Community Aid Abroad has been the lack of opportunity for Bougainville NGOs to share lessons from the crisis, to discuss challenges and solutions to difficulties that are present and to suggest common approaches to the ongoing development of a new Bougainville. The current mechanisms that are being pursued by external donors, including AusAID, do not explicitly encourage the formation of an appropriate stage on which such discussions can occur.

Recommendations.

Recommendation 18. AusAID should promote the strengthening of civil society organizations on Bougainville through the support of a forum for Bougainville NGOs, through which practical and policy issues can be addressed. Such a forum should be facilitated by key local NGOs with the assistance of Australian partner NGOs.

Recommendation 19. AusAID should provide a program to support the coming together of Bougainville women to discuss a national platform for women. Oxfam Community Aid Abroad's partner organizations have expressed a concern at the imbalance in gender representation in the present consultative mechanisms and a need to counter exclusion of women

Recommendation 20. The Australian Government should increase co-operation and dialogue Bougainville NGOs. This would include finding ways to support a process on Bougainville of round table discussion which is led by Bougainvilleans and includes key stakeholders and donors (including international and local NGOs) to review the aid process to date and to plan for the future. There has in the past been mistrust within AusAID of NGO activity and its motivation in Bougainville. While the formation of the Bougainville Working Group and agreements about cooperation and information exchange go some way, there is still much room to build Australian Government/NGO relationships in Bougainville

Recommendation 21. AusAID programs on Bougainville should support and strengthen the work of local organisations. Some AusAID programs have been imposed without consultation with communities and have ignored existing structures and initiatives that were established with few resources and under great adversity during the conflict. This has led to unnecessary duplication, and in some instances, has undermined the initiatives of local organisations, by offering better resourced programs with which the local program cannot compete, and by attracting key staff from the local organisations.

Solomon Islands.

Solomon Islands continues to suffer dramatically from the four-year-old crisis, which started as a result of an attempt by some indigenous Guadalcanal to displace a rapidly growing immigrant population (mostly Malaitans) on their island, and dramatically escalated into a national crisis. Clashes between the Isatabu Freedom Movement of Guadalcanal and the

Malaita Eagles Force, the overthrow of the government and the collapse of policing led to more than 100 dead, with tens of thousands left homeless, many fleeing from the main island Guadalcanal for their home islands. Armed clashes between rival militias led to this exodus from Guadalcanal, with an estimated 15-20,000 people evacuated in 1999 (mainly to Malaita), and at least 3,000 more hiding away from their villages by July 2000.

The crisis has resulted in a breakdown in law and order, extensive property damage, the collapse of the economy and erosion of infrastructure and services. This threatens national unity, as well as disrupting social cohesion and further weakening the capacity of the state to address development issues.

In October 2000, another Peace Agreement was signed, but this remains very fragile, with fresh outbreaks of violence occurring this month. The selling off of natural resources (fishing and timber concessions) at very low prices is not helping the needed foreign exchange. As a result, this is placing further pressure on the already fragile government.

The crisis, often presented simply as an ethnic clash, took place in a broader context of economic change affected by globalisation, corruption, a flawed political structure, and the failure of a development model based on the exploitation of natural resources like logging and fisheries.

In response to the conflict Oxfam Community Aid Abroad has established a two-year Support for Community Peace Building Program that aims to strengthen the ability of both women and men in peace-building, reconciliation, and addressing the causes of the conflict. The objectives of the program are to support the mobilisation of young people to express their concerns and aspirations peacefully and participate in Solomon Islands civil society; to support inter-generational and inter-ethnic reconciliation; to support the active participation of women in peace building and reconciliation, to support and protect women who have experienced, or are at risk of, gender based violence; and to support community based education and health initiatives.

Recommendations.

Recommendation 22. AusAID should support projects in all provinces of the Solomon Islands, not just those at the centre of the conflict.

Recommendation 23. AusAID should liaise closely with other bilateral and multilateral donors and with government in order to optimise the use and coverage of funding for development and rehabilitation.

Recommendation 24. The Australian Government should ensure that its macro-economic development policies in the Solomon Islands focus attention on provincial infrastructure and decentralised development.

Good Governance.

Oxfam Community Aid Abroad believes that democracy and political and civil liberties go hand-in-hand with improvements to social services, and sustained rates of growth. Moreover, participation in decision making improves the lives of poor people by increasing the fair allocation of resources and reducing the threat of civil conflict. However, rights do not exist in isolation from responsibilities. Oxfam Community Aid Abroad promotes and supports active citizenship as a strategy which complements the promotion of civil and political rights.

Achieving lasting change in the development planning and governance structures and processes from community to regional levels can result in significant impacts on poverty alleviation. This has been recognised in the Pacific by major donor institutions, for example in the ADB Report 'Poverty: Is it an issue in the Pacific?' (2001) it is stated that 'the overriding issue in the Pacific is the difficulty in providing good governance'. The UNDP Pacific Human Development Report (1999) states that without improvements in the quality of governance development programs are unlikely to be sustainable or effective.

Local peoples are also expressing how they view 'good society' and the roles that civil society and governments can play in promoting it. In the Commonwealth Foundation's *Civil Society in the New Millennium* project citizens were consulted on this issue in the forty-seven Commonwealth countries. They overwhelmingly expressed a desire for a society where there is a strong state *and* a strong civil society, a deepened democratic culture and an enlarged role for citizens. One citizen of the Solomon Islands expressed that:

"People want more information, training, and guidance on how to participate more fully and positively in society. They want better leadership, more responsive and less corrupt government, together with mechanisms by means of which they could co-operate with power holders."

In the Solomon Islands most of the discussions on the recent crisis have highlighted ethnicity as a major factor causing the crisis. However, many argue that the crisis was, in fact triggered by successive governments' poor policies, a flawed political system, poor leadership and other socio-economic development issues that have not been addressed.

Oxfam Community Aid Abroad works toward strengthening Civil Society Organisations (CSO) in order for them to defend their civil, political and economic rights and manage their own development. Our programs support communities to understand their rights and responsibilities, participate in decision making at local, national and regional levels and contribute towards an increasingly strong culture of good governance and accountability.

Recommendations.

Recommendation 25. AusAID should support programs that build the capacity of civil society to advocate for good governance and hold government accountable at local, national and regional levels throughout the Pacific.

Recommendation 26. AusAID should support programs that improve the capacity of local leaders (civil society, traditional leadership and government) to promote and implement participatory community development initiatives, which provide for citizens needs and encourage citizens action in society throughout the Pacific.

The Rights of Women.

Large sections of the population in the Pacific are marginalised and/or do not have the possibility of participating in equal conditions, including rural populations, women, ethnic groups, and homosexuals.

Women's rights are a key issue of concern in Pacific countries. Women's status varies from place to place and in some local areas, they enjoy a restricted but influential position in the family and community. However, generally speaking women have lost considerable ground with increasing western influence. The colonisers bypassed, misinterpreted and undermined women's status and power, reinforced existing notions of subjugation and then added some

of their own, based on the chauvinistic view of women in their own societies. Women continue to be bypassed as decision-makers in planning and implementation of development projects and are vastly under-represented in government and community decision-making bodies.

The problems faced by women in the Pacific include illiteracy, poverty, unemployment, poor health, discrimination, heavy daily workload, violence, and low participation in the political process and decision making at all levels.

There is a great need for gender awareness to be a part of programs and policy at all levels and for men to be challenged in their attitudes towards women, in particular, with regard to violence against women. Domestic violence is a growing concern in the region yet efforts of the governments and organisations to address this are inadequate.

In order for this to change the economic, social and political participation of women and marginalised groups will need to significantly increase, and their changing status will need to be recognised through effective representation in state and civil society structures at all levels.

Unfortunately the majority of the countries in the Pacific have not ratified CEDAW (Convention on the Elimination of all forms of Discrimination Against Women),

Recommendations.

Recommendation 27. The Australian Government should encourage Pacific governments that have not signed the United Nations Convention on the Elimination of Discrimination Against Women (CEDAW).

Recommendation 28. AusAID should ensure that its development interventions throughout the Pacific empower women through increased access to information and the promotion of their active involvement in leadership, decision making and politics throughout the Pacific.

Recommendation 29. AusAID should support projects that increase awareness amongst men and women of women's civil, political and economic rights, and of discriminatory policies and practices which affect them.

Recommendation 30. AusAID should support programs which increase awareness of gender based violence, and which improve the capacity of CSOs and government to respond to and provide services for victims of gender based violence throughout the Pacific.

Recommendation 31. AusAID should support programs that help build the capacity of NGOs to identify and analyse gender issues and sources of inequality, to facilitate the development of programs that are gender sensitive throughout the region.

Term of Reference D: Political economic and security developments in the region – Issues for Australia and its development cooperation relations.

Climate Change and Disaster Management.

Pacific Islands are among the most vulnerable to effects of global warming. The issue of climate change and global warming is not just a serious environmental issue, but also a fundamental development issue, affecting health, livelihoods, exports, food security,

infrastructure, and the tourism industry. Oxfam Community Aid Abroad believes that Australia's stance on greenhouse emissions has created tension and damaged relations with Pacific Island countries.

Both Papua New Guinea and the small island states are also vulnerable to climatic and environmental disasters, for example volcanic eruptions in Rabaul, cyclones in Vanuatu and Samoa, the taro blight in Samoa, the Aitape tsunami, and the Papua New Guinea drought. Village agriculture remains the main livelihood for most Pacific Islanders. In the Solomon Islands, for example, 90% of the population have food gardens as their principal food source. Many populations are dependent upon a single staple food crop, such as sweet potato in Papua New Guinea's central highlands. Coastal populations are already experiencing rising sea levels, and because of population densities, limited space, or the unavailability of suitable land, these communities often have no alternative land on which to move their gardens.

Predicted disasters related to changing climatic patterns and a rising sea level will severely exacerbate vulnerabilities in relation to food security, and potentially cause large scale displacement of Pacific communities. Already communities have had to relocate from Bougainville's tiny Carteret Islands due to rising sea levels inundating their gardens.

Changing climatic conditions and extreme weather events will impact on the way development agencies operate and will have severe implications for resource-strapped Pacific governments in responding to disasters. Agencies and governments will have to commit more resources to emergency work, seriously impacting on their current development work. This may require the development of new skills and techniques appropriate to the Pacific, where crises may be localised and diverse in nature.

Oxfam Community Aid Abroad humanitarian programs focussing on the provision of water & sanitation, health promotion and food distribution have occurred following the Sunami, and drought in Papua New Guinea and the volcano eruption in Rabaul. Lessons learned from those interventions reinforce the need for both political solutions to address climate change and also community based disaster preparedness to reduce vulnerability and mitigate the impact of the increasing frequency of natural disasters on communities in the region.

Recommendations.

Recommendation 32. The Australian Government should commission a parliamentary inquiry into the developmental impact of global warming in the Pacific region and engage with Pacific countries in the development of prevention and mitigation measures.

Recommendation 33. The Australian Government should follow the lead of other industrialised nations and ratify the Kyoto Protocol.

Recommendation 34. The Australian Government should take a broad approach to disaster management strategies in order that they address preparedness and response capacity of local communities and government institutions to cope with environmental disasters, and address the underlying causes of conflict before they produce humanitarian emergencies.

HIV/AIDS and Emergencies.

Emergencies, whether conflict related or the result of natural disaster, typically reinforce, or exacerbate pre-existing vulnerabilities within a population. When an emergency occurs, for a

myriad of reasons, people move. Some, like the affected population, move away, while others, such as aid workers and the military, move in. When people are displaced, they may be relocated to areas where there is a high HIV infection rate, and return home carrying a greater risk of new infections.

In a region already vulnerable to the spread of HIV/AIDS, an increase in people movement significantly increases the opportunities for the infection to spread. People movements are often accompanied by change to traditional behaviours, civilians trading sexual favours for protection, the presence of a military with no defined code of conduct, unsafe blood transfusions, etc. As people move, so does HIV.

Recommendations.

Recommendation 35. The Australian Government should acknowledge that the prevention of HIV/AIDS in the Pacific Region is a priority issue and recognise that stability in the region is a basic and essential prevention factor.

Recommendation 36. The Australian military should incorporate HIV prevention strategies, care and awareness into all military operations and programs, particularly where the military is involved in peacekeeping missions, disaster responses, and joint operations with Pacific countries.

Recommendation 37. The Australian military should develop a code of conduct in relation to military and civilian interaction in order to prevent transmission of HIV/AIDS, and set an example for military counterparts in host countries to follow this practice.

Political instability in the region.

As referred to above, in Bougainville, Solomon Islands, West Papua, Fiji and possibly Nauru, political, social, economic and ethnic unrest also has the potential to impact on economies, social cohesion, infrastructure, housing, law and order and food sustainability, causing significant population displacement.

While refugees and displaced communities are not arriving in huge waves at the moment, the nature of the Pacific, being made up largely of small island states with relatively small populations, traditional customary land ownership patterns, and, in many areas, historical ethnic rivalries, makes the potential impact of population movements both serious and complex. Limited resources and land availability are key issues. The capacity of the Pacific Islands to absorb refugees therefore is very low.

As also discussed above, concern has been expressed in Pacific forums about the impact of the Pacific Solution on Pacific nations. Pacific communities believe that as a wealthy nation, Australia should be assisting Pacific countries with their refugee problems, and not the other way around. Pacific governments also feel vulnerable to Australian making offers that they cannot refuse.

Recommendations.

Recommendation 38. AusAID programs should be provided in a manner consistent with the Australian Government's Peace, Conflict and Development Policy of June 2002, with a focus on community based initiatives and institutional strengthening.

Recommendation 39. That AusAID support strategies that take into account the role of women as peace builders and that address the gender issues that prevail in conflict situations.

West Papua.

For decades, human rights abuses in West Papua have received attention from advocacy groups, while environmental and aid organisations have lobbied over pollution from the Freeport mine. In the wake of political change in Indonesia, the 1999 Timor crisis and growing tensions in Maluku and Aceh, there is increasing international concern over West Papua, as the crisis forces itself onto the regional and international agenda.

Oxfam Community Aid Abroad believes that West Papua is likely to become a central issue for Australia in coming years, with the danger that a foreign policy and humanitarian disaster will be played out in the same manner and scale as for East Timor.

Many commentators view the current crisis in West Papua through the prism of Indonesian unity, ignoring historic ties that bind West Papuans to Melanesia and the Pacific islands. Neighbouring governments in Australia and Papua New Guinea have repeatedly asserted that West Papua is historically part of Indonesia (concerned as refugees again spill over the border into Papua New Guinea). Current Australian government policy reaffirms the “territorial integrity” of Indonesia.

However, the mood in the Pacific islands is that historically, culturally and geographically, West Papua has always been part of Melanesia and the wider Pacific region. Even under Dutch administration, West Papuans were active in regional Pacific meetings and participated in the founding of key regional bodies, before Indonesia’s take-over in the 1960s severed links with other island peoples.

West Papuan exiles have played a vital role in Papua New Guinea - in government, the media, civil society organisations, UPapua New Guinea and the education department - since they left their homeland in the late 1960s. Strong political, cultural and family ties between West Papuans and Papua New Guineans create significant policy difficulties for the Papua New Guinea government, and could threaten internal stability in the event of a major incident.

Today, the regional links are being recreated, with some Pacific Island governments providing increased support for West Papua’s quest for independence. At the September 2000 UN Millennium Summit in New York, leaders from Nauru, Vanuatu and Tuvalu raised the West Papuan issue - the first countries to declare support for West Papuan independence at the United Nations. Four West Papuan leaders were given official delegate status at the 31st Pacific Islands Forum in October 2000 as members of the Nauru delegation. At this Tarawa Forum, Vanuatu, Nauru and other countries supported the push for human rights in West Papua, and the Forum issued an unprecedented statement calling for peaceful dialogue on the future of the country, and an end to human rights abuses.

Since 1999, there has been increased attention on West Papua in the Australian media, and a broadening of support and awareness in parliamentary, church, trade union and human rights circles.

From 1962– 1969 the United Nations recognised the right of the West Papuan people to self-determination and supervised an Act of Free Choice in 1969. The legitimacy of the process

undertaken at that time has been widely challenged and underlies the current strong call for independence from many West Papuans.

This situation is compounded by the fact that many indigenous people in West Papua have been negatively affected by the economic, social and cultural dislocation resulting from the influx of transmigrants from Indonesia. Many West Papuans also feel aggrieved that although they bear the social and environmental costs of mining, logging and plantation development on their land, Papua itself has not received the main economic benefits of these developments. Many Papuans believe they have been marginalised politically, economically and culturally in their own land.

Despite some recognition of West Papuan demands for greater control over their own affairs there is opposition in Jakarta to calls for independence. Expectations for independence are high and the prospect of violent civil conflict is a real possibility in West Papua. Amongst the issues of concern are what will happen to Melanesian refugees and Asian transmigrants if the conflict escalates into Ambon-style violence.

Oxfam Community Aid Abroad approaches the West Papua issue bearing in mind three key principles:

- Respect for internationally recognised human rights – civil and political and social, economic and cultural. Such rights must apply to all people in Indonesia.
- The recognition of the right of peoples to self determination as a fundamental human right of peoples to freely determine their own political status and to pursue their own economic, social and cultural development.
- The resolution of conflict by non-violent means through negotiation.

Recommendations.

Recommendation 40. The Australian Government should support the right of West Papua to self determination and urge the parties to the conflict over West Papua to enter a negotiation process that takes as its starting point the right to West Papuan self determination. Oxfam Community Aid Abroad believes that the "Act of Free Choice" which took place in West Papua in 1969 was conducted in a manner inconsistent with a legitimate act of self-determination as defined under international law. The overwhelming weight of evidence suggests that the Act of Free Choice was unrepresentative, undemocratic and carried out in an atmosphere of coercion. The question of whether the territory should be part of Indonesia or not has yet to be determined through a genuine act of self-determination.

Such an act of self determination must recognise the human rights of all people resident in West Papua. Accordingly, any resolution of the West Papua conflict must be consistent with upholding the human rights of non-indigenous residents of West Papua as well as those of indigenous West Papuans.

A legitimate act of self determination may result in a range of outcomes for West Papua. These may include;

- *Remaining within Indonesia but with responsibility for particular powers within that State and associated resources to carry out those powers.*
- *A land rights approach which provides some level of self determination to indigenous groups within West Papua.*
- *Arrangements whereby almost all powers except external defence and foreign policy are given to a regional authority governing West Papua.*
- *'Free Association' with another State, as is the case of the Cook Islands in relation to New Zealand*

- *A fully independent nation state.*

ⁱ Louise Dodson and Sophie Douez: “Pacific solution a nightmare: Nauru”, *The Age*, 10 June 2002

ⁱⁱ Louise Dodson and Sophie Douez: “Pacific solution a nightmare: Nauru”, *The Age*, 10 June 2002

ⁱⁱⁱ Sian Powell: “Detainee dilemma in Nauru”, *The Age*, 27 April 2002

^{iv} Radio Australia News, 10 June 2002.

^v See for example, quotes from Nauru officials in “Asylum seekers will be in Nauru for 2-3 months”, 4 September, 2001, Radio Australia

^{vi} “Nauru deal finite” ABC Radio Australia News, 14 January 2002

^{vii} “Nauru deal finite” ABC Radio Australia News, 14 January 2002

^{viii} “More asylum seekers coming to Manus”, *Post Courier*, 17 January 2002. See also Thomas Kilala:

“Government agrees to take in another 784 ‘refugees’”, *The National*, 18 January 2002

^{ix} Hansard, Senate Select Committee on a Certain Maritime Incident, page CMI 827, 16 April 2002.

^x Paper by Tas Maketu read to the World Association of Christian Communication (WACC) consultation on “Refugees’ Right to Information and Communication”, Nadi, Fiji, May 2002

^{xi} ABC Radio Australia News, 1 March 2002.

^{xii} Interview on *Pacific Beat* program, Radio Australia, 13 March 2002

^{xiii} Bishop Ambrose Kiapseni MSC DD: *Public Statement of concern on the international issue of the Australian Asylum Seekers held in Manus Province*, March 2002 (The statement by Bishop Kiapseni, head of the Catholic Church for the Diocese of Kavieng covering the Papua New Guinea provinces of New Ireland and Manus, submitted to the Senate Select Committee into a Certain Maritime Incident).

^{xiv} Paper by Tas Maketu read to the World Association of Christian Communication (WACC) consultation on “Refugees’ Right to Information and Communication”, Nadi, Fiji, May 2002

^{xv} Bishop Ambrose Kiapseni MSC DD: *Public Statement of concern on the international issue of the Australian Asylum Seekers held in Manus Province*, March 2002

^{xvi} Bishop Ambrose Kiapseni MSC DD: *Public Statement of concern on the international issue of the Australian Asylum Seekers held in Manus Province*, March 2002

^{xvii} ABC TV *Foreign Correspondent* program, 18 April 2002

^{xviii} Bishop Ambrose Kiapseni MSC DD: *Public Statement of concern on the international issue of the Australian Asylum Seekers held in Manus Province*, March 2002 (The statement by Bishop Kiapseni, head of the Catholic Church for the Diocese of Kavieng covering the Papua New Guinea provinces of New Ireland and Manus, submitted to the Senate Select Committee into a Certain Maritime Incident).

^{xix} Paper by Tas Maketu read to the World Association of Christian Communication (WACC) consultation on “Refugees’ Right to Information and Communication”, Nadi, Fiji, May 2002

^{xx} Australian Council for Overseas Aid: *ACFOA Federal Budget briefing 2002-03*, May 2002.

^{xxi} “Revelations over timing of Australian aid to Papua New Guinea”, ABC Radio Australia News, 28 May 2002; “Papua New Guinea deal beat poll”, *The Australian* 29 May 2002; “Papua New Guinea deal was almost beaten by the bell”, *The Age*, 29 May 2002.

^{xxii} Hansard, Senate Foreign Affairs and Trade Committee, pp FAD&T 55-93, 20 February 2002. See also “Pacific solution’ aid to Papua New Guinea was rushed: Australian Labor MP Faulkner”, *Papua New Guinea Post Courier*, 22 February 2002.