Senate Standing Committee on Foreign Affairs, Defence and Trade

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

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Executive Summary

The southwest Pacific has diminished in importance in Australia's perspective of the region. The perspective has been shaped by security concerns and there has not been a long-term approach to developing regional relationships. The approach has been oriented to the top levels of bureaucracy and governance, which has not spread aid beyond a narrow grouping. While issues in governance do exist, they are more accurately defined as education and training issues. Mentoring and training based on face-to-face relationships will be more effective in sustainably addressing governance, economic, security and other issues. Strategic thinking and participation should be fostered at all levels of the community.

The focus on governance has mischaracterised Pacific cultures as lazy, inept and corrupt and has, in turn, perpetuated an image of Australia as an arrogant power with renewed colonial ambitions. Personal relationships, which reduce these stereotypes and are essential for effective development, have been discouraged through a patronising and fearful view of Pacific islanders. The privatised and short-term nature of the "aid business" has failed to build even corporate-to-corporate relationships and has further tarnished Australia's motives in the eyes of the aid program's intended "beneficiaries". To the contrary, the disconnection between Australian aid contractors and their local counterparts seems to many to endorse stratified and corrupt systems. Similarly, the misuse of the aid program as a political tool to increase Australia's regional influence has paradoxically served to weaken Australia's influence, particularly with China, Taiwan, Malaysia and others taking a greater interest in the region.

1. Introduction

Palms Australia is an independent international volunteer sending agency, established in 1961 to send Australian volunteers to reduce poverty by exchanging skills in developing communities, both overseas and in Australia.

Since 1961, Palms Australia has recruited, prepared, sent and supported Australian volunteers in projects in 39 countries across the globe, more than half of whom have been placed in Papua New Guinea and the island states of the South West Pacific. Palms' volunteers have been sent to meet the requests of partner communities by sharing skills in fields such as education, health, disability, administration, finance, trades, technology and agriculture.

Palms Australia has an extensive expertise in the challenges of working cross-culturally for development and has been called upon by a variety of Australian and international agencies to provide preparation and support for their members.

2. The focus of this submission

Palms Australia has chosen to focus this submission specifically on a **Papua New Guinea** case study. Though the specific issues vary among the states covered by this Senate inquiry, Palms Australia believes the recommendations for an approach focussed on education, participation and relationship building are appropriate and necessary in all Australian development scenarios. The content of this submission is based on the experience of Palms' staff, volunteers and local and Australian partner organisations in Papua New Guinea, including feedback from a recent field trip.

Palms Australia has expressed concern previously that an overemphasis on problems of governance often mischaracterise a culture as inefficient, unreliable and corrupt, when the problems arise more commonly from other causes. Such a focus also risks the appearance of an assumption of cultural superiority which leads to counterclaims of arrogance and the subsequent breakdown of relationships. An example of such a breakdown was the withdrawal of Australian police sent under the Enhanced Cooperation Package in 2005. This submission highlights, therefore, how issues of governance can be viewed in terms of challenges which can be addressed, which include a lack of **employment opportunities** and inadequate **education and skilling**.

3. Economic and security challenges

Recent discussions of the economic, security and other challenges facing Papua New Guinea and the island states of the South West Pacific, have invariably cited difficulties in governance and administration as key obstacles in achieving development aims. AusAID's 2006 White Paper continually emphasises a focus on good governance as an essential component of any development programme and particularly emphasises its importance in Melanesian countries. These concerns are echoed by Palms Australia's partner organisations, with inefficiencies in the public service, private institutions and government hampering those who would contribute to the social and economic development of their countries. The core issues at the heart of these challenges are a lack of administrative capacity, weak internal linkages within organisational structures – particularly vertical linkages, and corruption.

These issues are sometimes simplistically described as attributes of Melanesian culture, though such labels are both unfair and inaccurate. Administrative capacity, well-developed interconnected relationships and accountability are key components of traditional Melanesian social structures, though often on a smaller scale and taking shapes not immediately familiar to one trained in a different cultural model. More accurately the issues could be defined as related to a specific organisational culture or, to some extent, a greater "working culture". Individuals within this "working culture" are often unaware of an alternative. The challenges, therefore, to economic and social development and stability within these Pacific nations, are largely educational.

For programs to make sustainable improvements to effectiveness and accountability in an organisational culture, they must be educative, strategic and participatory. Individuals and agencies contributing to positive organisational change must understand the current organisational culture, the greater cultures within which the organisation exists (such as Melanesian cultures) and an alternative model of an administrative culture which can be efficient and effective in enabling an organisation to meet its stated objectives in a manner feasible within the greater cultural context. Meaningful, respectful and mutual relationships are the key to developing such an understanding in all the stakeholders, internal and external, in change. Such relationships, entered into willingly and enthusiastically, are compatible with Melanesian cultures, eschew overly simplistic assessments of complex issues and, through engagement, dialogue and participation, offer more hope for sustainable improvements.

3.1 Building capacity

Difficulties in efficiently achieving seemingly simple ends are a common frustration for Australian and Papua New Guinean NGOs, government agencies and services and businesses. Administrative inefficiencies in one sector adversely affect the ability of others to achieve their ends. This can result in short-term inconveniences such as an overbooked or delayed flight or much longer-term and detrimental effects. For example, schools, which must deal with both the provincial and national education offices, are often forced to wait 6-12 months for a teacher to be placed on the payroll. The need to deal with bureaucracy distracts staff from their teaching duties, as well as causing disillusionment and staff absenteeism. Students consequently receive inadequate education which threatens to limit the future prosperity and security of the nation. These issues are most profound for rural or isolated communities due to unreliable communications infrastructure.

Such examples are common across sectors, from business owners waiting for hours in bank queues to international governments and agencies waiting for financial reports from local communities or NGOs which would justify ongoing funding. Previous attempts to improve the systems on which Papua New Guinea rely have focused on establishing systematic "fool-proof" models to provide structure, process and predictability to an office. Such systems were chosen over improving staff capacity either because of a colonialistic lack of faith in the capabilities of local staff, the effort required to building the capacity of local staff or a reluctance to invest in training staff who would then move to a different organisation.

The result of such models (in the public and private spheres) is a focus on superficial bureaucratic measures of success, such as the completion of a report, rather than achievement of the broader goals of the workplace, such as the provision of quality education, health or other public service. This is in part because the shortage of competent, directed on-the-job mentoring fails to encourage individuals to understand their roles in their wider context, rather than just as processing paperwork which, individually and without context, has little meaning. Additionally, the structure of the formal education system trains people to answer specific questions rather than developing analytical and problem-solving skills which can be used in a variety of situations. Consequently, tasks which require creative thinking and initiative are often postponed, ignored or rejected because they do not fit the limited brief which the employee defines as their role.

Though an individual may view their role purely as completing a systematic bureaucratic task, the task itself will often not be completed at all, let alone in an efficient manner. One reason for this is that the task, isolated from its context, is meaningless. There is no obvious reason for an employee to process a task 20 times rather than 5 times in a week, if more tasks arrive daily regardless and the same wage is paid irrespective of a given week's efficiency. Meanwhile, other tasks (cultural, ceremonial, familial or otherwise relational) maintain an obvious meaning and an obvious benefit, which leads to individuals prioritising these tasks over workplace obligations. Increasing organisational "productivity" requires an approach which increases employees' understanding of the value of their work in a greater context. This approach aims to increase employees' pride in their work rather than simply placing another evaluative hurdle to be treated like previous examinations.

3.2 Power and relationships

Attempts to develop a workplace culture of accountability and efficiency are troublesome because they rely upon a hierarchical and often short-term evaluation-accreditation process. Good workplace behaviour is not modelled effectively to employees who return the techniques of "satisfying the criteria" which allowed them to progress through the education system and satisfy previous examinations by those in positions of power, who have only the time for a cursory glance at each individual worker. This manifests as a short-term effort to learn what the power figure wants and to demonstrate superficially satisfactory outcomes, such as a well-written report or an ordered workspace, before the authority figure moves to briefly examine the next individual. Once the individuals are aware of how to survive an evaluation they must simply repeat the process at subsequent scheduled evaluations. Some individuals become quite adept at demonstrating well-ordered and maintained files and reports, the scope of the evaluation, while achieving little of the actual goals of their workplace.

Such bureaucratic bluffing is possible because the evaluators have too little time to adequately and constructively evaluate their subjects, but other times because they view their roles in much the same way as other employees, in terms of completing a set of tasks which, in and of themselves, have little meaning. Decades of inadequate mentoring and modelling of work practices have resulted in ineffectiveness at all levels in many organisations, perpetuating the cycle for one more generation. As long as administrators, inspectors, evaluators and managers are drawn from those most

adept at demonstrating superficial competence, the priorities of the evaluation process will not change.

It is worth noting that while examples of competency in management and process do exist in administrative and bureaucratic structures of local, national and international organisations, the disconnection between levels of the hierarchy limits the possibilities for appropriate skills to transfer. Though international aid agencies and governments might flatter themselves that they demonstrate good governance on a daily basis, the disconnection between local workers and the briefly visiting administrator means the image portrayed of a foreigner is unfavourable. They appear to work completing the same type of systematic, bureaucratic tasks as a local, though receive an inexplicably higher wage, occasional return international flights, a brand new vehicle and comfortable accommodation in a secure compound away from the local population, whom they fear. Yet, they accuse a local official, who simply desires the same for his family, of corruption. They demand respect and get frustrated that their efforts to "help", "develop" or "improve" the host country often appear to go nowhere.

Though one would protest being characterised in this way, it is the reality that many local people see little difference from the highly paid expatriates with comfortable lives and with whom they have little contact and the local politicians and public servants who use their positions of influence to improve their status locally. The most obvious differences are that the expatriate seems to earn more and is able to leave the country for a more comfortable job when they are finally exhausted.

The widespread notion that power is invariably used for personal gain seems to legitimise and even mandate such behaviour from aspiring leaders. If it is understood that leaders illegitimately direct benefits to their own families, it becomes expected that when a relative assumes a position of power he will continue the practice. For this expectation to be countered effectively, greater downwards transparency must be enacted. Aspiring leaders must have non-corrupt leaders to look to and emulate. This is most likely to occur initially at a local level, internal to an organisation. Stronger vertical linkages and, as far as possible, a flattening of the hierarchy within organisations, allow competent and dedicated managers to model their behaviour to junior employees. This depends upon ongoing relationships between the parties, not simply an occasional visit or evaluation. The inclusion of junior parties in decision-making processes encourages strategic thinking and increases the value placed upon their work.

Such relationships must also be developed between expatriate workers and their counterparts. Australian workers must be transparent and accountable to the PNG nationals with whom they work. This will undoubtedly challenge some Australians in PNG, particularly those who fear Papua New Guineans or mischaracterise them as lazy, inept and corrupt. Through open and mutual cross-cultural relationships, though, both parties will benefit from a greater understanding of the other. Personal relationships reduce mistrust and provide a framework for cultural understanding and skill exchange. Volunteers undoubtedly have a major role to play in this area, as examples of Australians committed to their work, for reasons other than financial gain. Volunteers therefore must not be seen by locals to assume superiority. They must work initially to develop relationships of acceptance, understanding and care so

as to best understand their context and avoid distancing themselves from their local counterparts.

3.3 Racing to spend budgets

While an increase in the AusAID budget, in line with the Millennium Development Goals (to 0.7% of GNI) and Labor's election campaign (0.5% of GNI), will undoubtedly have many positive effects, it is important this is not seen simply as an opportunity to pad project and program budgets. Our partner organisations have expressed concerns at the way money is "thrown around by the Australian Aid Programme" and the community expectations for equivalent behaviour by local NGOs and churches. Courses run by foreign agencies often offer remuneration and incentives for local participation. Though costs need to be covered, local agencies have expressed concerns that increased expectations of various perks, make it difficult for local initiatives to attract participants. The perspective that personal gain is a valid motivation for participation in such activities undermines any local culture of volunteering in the community's interest.

In one instance, a local agency expressed concern that an AusAID employee encouraged their course coordinator to continue to expand their course budget beyond what was actually necessary, by a factor of three. Subsequent courses have been less successful as the agency has been unable to meet the community's inflated expectations. The agenda of aid agencies therefore must not be simply to spend the money in its budget but to spend it wisely. In this example the agency claimed "the wisdom and experience of the people on the ground was not sought properly or listened to adequately". In addition to heightened community expectations, the danger is that the padding of budgets is legitimised in the minds of local staff and institutions. This encouragement to "board the gravy train" is counter-productive to any broader agenda of reduced corruption and improved governance.

Local NGOs have reported having volunteers thrust at them by international volunteer sending agencies (IVSAs) regardless of the need. The IVSAs seem more intent on achieving a "placement" to meet some donor-defined quota than on responding to the actual needs of the community. Stories of directors, principals, priests and bishops being "wined and dined" by IVSAs in order to enjoy "favoured status" abound. Some schools have sought international volunteers as a simpler alternative than battling the education department to get a local teacher on the payroll. In some cases, international NGOs have been encouraged to register their staff, already in-country, as "volunteers" simply as a method to gain funding for their staff costs which otherwise would not be funded by international governments. This viewing of volunteers as commodities which must be distributed reflects AusAID's increasingly corporatised competitive approach to the volunteer program.

When local NGOs are encouraged to view international aid as a gravy train and expatriate staff view local communities as places to spend their budgets, the effectiveness of the process is reduced. This reduces the likelihood of sustainable social and economic development in the community and encourages a mindset of dependence. Alternatively, if time is spent building relationships between these two groups AusAID will be better equipped to address locally identified issues in appropriate and sustainable ways.

4. Education and skilling

At present, education in Papua New Guinea is heavily teacher-centric and exam-focused. Primary and high school teachers assume a role of authority figure, all-knowing and not to be questioned. The less a teacher feels able to maintain their image of all-knowingness in a particular topic, the less comfortable they are with questions or in discussions. They then revert to rote learning models, such as remembering formulae or grammatical rules, without encouraging understanding of the concepts. They will focus on answering specific exam questions and hope that nothing unusual comes up. This model is often replicated at university level, in workplaces, in government and in training provided by NGOs and foreign governments. Students learn to not challenge, instead developing processes to solve specific recurring problems.

Conversely, traditional models of education in Melanesia involve close relationships between the elders and the novices. Students actively engage with their subject matter, through a variety of methods, including story-telling and direct practical application, and relationships are central to the process. Specific skills are taught but initiative and problem-solving skills are fostered. Each role is understood in its societal context and valued accordingly. Accountability to the group is established as an essential part of the system. While having a hierarchical structure, the distance from the chief or landowner to any other member of the community is very small. Issues which affect the whole community are often discussed in a public forum and people are invited to express their opinions. The non-participation of women in many areas is worrying, but it is evident that cultural variations of participation, duty and accountability exist.

The processes for education and skilling, formally and informally, are more successful in achieving sustainable ends when mutual, collegiate relationships are developed rather than using an authoritarian instruction model. Mentors, whether PNG nationals or expatriates, must position themselves alongside the people with whom they are working and develop a sense of the value and importance of their work. It is important that these relationships are not simply the occasional disbursement of orders or the mentor will be viewed as "another authority figure to satisfy". For this reason, horizontal mentoring involving qualified locals or Australian volunteers working alongside local counterparts, in similar conditions and reporting to the same employer, is often the most effective means of sharing both skills and attitudes towards work. Participation by staff in the decision-making and strategic planning of the organisation must be enhanced, both with a view to increase ownership of the work and further develop advanced skills.

Programs such as the Pacific Guest Workers scheme should be encouraged but should be available in more diverse areas than simply horticultural. Institutional linkages have an important role to play and should not be neglected. Such linkages will add meaning and relevance to the Guest Worker program beyond maintaining Australia's primary industries. Partnerships between institutions, such as universities, which further research the needs of the region and rebuild institutional links, need to be reinvigorated. These can be around issues such as HIV/AIDS, education and training, global warming, fishing and marine industry development, forestry etc. Higher education scholarships spread across all Australian universities needs to be restored.

AusAID's restrictive policies of preferred university status need to be abolished and repudiated. Expertise and institutional support needs to be the criteria rather than institutional "fame". This also provides a wider choice for Pacific citizens. A new scheme for training professionals (e.g. health, education, local government, engineering, marine) in Australian universities needs to be developed that trains southwest Pacific citizens in partnership with governments, local institutions and business.

5. The implications for Australia

Terms such as relationship, friendship and partnership are often used by developed countries and NGOs as part of their foreign affairs and development literature. The reality is that, behind the rhetoric, the donor country or agency often views the relationship as one between a generous, wise donor and a poor beneficiary who should be grateful. Such a one-sided view is seen as culturally arrogant by partner countries and agencies and is counterproductive, as unsustainable systems are usually the result. Recently, some positive steps have been taken in this respect, such as Prime Minister Rudd's state visit to Papua New Guinea shortly after his election. It is hoped this is part of a change in perspective to a relationship between two countries working together for regional development. Such a change will be essential to maintain close ties in the face of greater economic influence from Asian nations in the Pacific.

Furthermore, the divisions between the Australian employees in-country and their local counterparts further reduce the possibilities of economic and social development. Without meaningful relationships, there is a tendency within each party to stereotype the other, thereby devaluing their potential contribution to their shared goals. The aims of the Australian development program are undermined, both by the non-participation of the stakeholders in setting the agenda and the scepticism with which local employees view their Australian counterparts. Australian employees and volunteers require and deserve detailed cross-cultural preparation in order to be of the best service to their host nation and their home nation.

The importance of respectful relationships in international cross-cultural development must not be underestimated. Relationships should not be viewed as a pleasing side effect of Australia's development programs, but rather as an integral part of effectively working for sustainable regional development and security. It is hoped this inquiry considers how partner communities view Australians and Australia and how to break down the barriers to effective partnership. AusAID should continue to support Australian volunteering programs, however, volunteer agencies that emphasise pre-departure cross-cultural preparation and the centrality of relationships should be given priority, as their work is more sustainable.

While governance and administration issues are central to many economic and security challenges, these should be recognised foremost as education and capacity-building challenges. Current reviews of the formal education system in countries such as PNG may be helpful, but alone will not solve the problems in this sector. Teachers and bureaucrats will require mentoring in their roles including developing a broader understanding of their context and participation in planning and evaluation. Similar methods should be used in other sectors. Education and skilling programs

should avoid using an examination style measure of success, which simplifies complex processes to a checklist and devalues creativity and innovation.

The impact of Australia's aid program in terms of building capacity has been reduced by the dominance of the aid budget by large corporations. These organisations conduct their activities in a fragmented and disconnected manner that does not help build partnerships. Short-term contracts do not help build new futures. They have promoted secrecy and the monopolisation of aid "business". Furthermore, AusAID processes favour these organisations. The government's approach is compromised by these business relationships and they have had the impact of restricting the opportunities for broadened engagement. The outcomes and processes have been subject to propriety rights and commercial constraints. There has been little evidence of capacity building in Australian institutions from this strategy of subcontracting public provision in this way. Non-government agencies committed to social justice have been cut out and organisations with long-term commitments in the areas have been marginalised. The dominant corporations are secretive and defensive and promote cronyism. The aid program is not open and transparent but characterised by strong networks and connections that bypass democratic and durable connections with communities in the region. None of this is a good advertisement for Australian Aid and underlines why non-government agencies are popular with the community.

6. Recommendations

- Australia must re-establish its strong ties to Papua New Guinea and the island states of the southwest Pacific, beginning with recognising the Pacific as an interdependent community rather than a "ring of instability".
- Policies and procedures, which isolate Australians from the citizens of the Pacific states in which they are working, need to be reviewed in light of the stratified systems they create and seem to justify.
- A more positive contact and a commitment to long-term relationships is needed beyond an "aid mentality".
- Educative and evaluative tools used by the Aid Program must maintain relationships in order to increase their effectiveness as something other than a method of training to jump through bureaucratic hoops.
- Governance issues should be re-formulated as training issues and efforts to build administrative capacity at all levels must be incorporated.
- A participatory approach, which engages all levels of Pacific society, must be involved in all aspects of Australia's aid program in the Pacific, including in strategic planning and the setting of priorities.
- Government employees should follow a community development approach in order to enhance long-term sustainability. Organisations competing for government contracts should demonstrate a commitment to such an approach.
- Government employees should be provided with detailed cross-cultural preparation which goes beyond superficial indicators of the host culture.
- Institutional research linkages should be developed to increase expertise in Pacific issues both in Australia and the southwest Pacific region.