

PUBLIC SUBMISSION – AUSTRALIAN GOVERNMENT FOREIGN POLICY WHITE PAPER

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Who I am

I am a research professor at Divine Word University, Madang, Papua New Guinea. I have held previous positions at the Australian National University (2004-2013), Torres Strait Regional Authority, Queensland (2001-2004); and the University of Papua New Guinea (1985-1991).

My expertise lies in development programmes and Australia's foreign relations among our nearest neighbours in the Pacific. I will frame my submission in these terms.

01 AUSTRALIA'S FOREIGN POLICY NEEDS TO BE GROUNDED IN A CLEAR-EYED ASSESSMENT OF OUR NATIONAL INTERESTS.

- How should we define Australia's national interests in a changing world? How should our values underpin Australia's foreign policy? What should we do differently? How can we do better?

Australia's interest in the subregion of our nearest neighbours in the Pacific ought to be those of poverty reduction, capacity building and maintaining the close ties of friendship that Australia has enjoyed with our neighbours in the region since the end of the colonial period in the 1970s. A guiding principle must be that of dealing respectfully with these neighbours, who have economies and political structures many times smaller than ours.

The eminent development economist Stephen Howes has remarked, concerning the huge social and economic advances made in recent decades across Asia, that the countries still

receiving aid in Australia's region 'are increasingly in the "hard to aid" category'.¹ This observation is highly relevant to all aspects of foreign policy among our Pacific neighbours.

02 AUSTRALIA HAS DIVERSE INTERESTS THAT SPAN THE GLOBE.

- Which countries will matter most to Australia over the next 10 years? Why and in what ways? How should we deepen and diversify key relationships?
- Which global trends, such as developments in technology, environmental degradation and the role of non-state actors, are likely to affect Australia's security and prosperity? How should Australia respond?

Since my expertise and experience lies among our Pacific neighbours, I am happy to see a renewed focus on Australia's immediate vicinity flagged in recent ministerial statements. However, the nature of dealings with our neighbours matters a lot. Over many years, Australia has been concerned with the stability of our neighbours, the meaning of which changes from government to government, but by which is probably meant political and investment stability.

It is ironic then that so many of our foreign policy directions and development programmes – be they confined to diplomacy or aimed at the education, health, law and justice, or any other sectors – are viewed by those who listen to or receive them, and by those who are expected to implement them, as rather the opposite of the stable interests of a helpful neighbour and development partner. The fact is initiatives and programs appear and disappear for little observable reason, and seem to be based on political fads rather than sober, fact-based evaluations.

At the same time, in the region that is my concern, if Australia is only to be interested in the 'global trends ... developments in technology, environmental degradation and ... non-state actors' likely to affect Australia's security and prosperity, then few regional partners are going to be impressed.

Australia's Pacific neighbours are struggling with poverty and lack of human capital. We should not look at our relations with them through a lens of short-term self-interest. If we want a foreign policy that truly serves our interests, then we need to stop solving our problems at the expense of our neighbours and commit to helping them into security and prosperity over a much longer term.

In Papua New Guinea, Australia began falling asleep around the turn of the millennium in respect of global trends, which is that a new geopolitics will transform the region in the course of the 21st century. Given the choice of staying positively involved or signalling a loss of interest by winding down programs (or keeping them at the same level in dollar terms which is essentially the same), Australia has done the latter.

Staying positively involved does not mean pouring billions into failing schemes or abetting corrupt governance, as opponents of foreign policy in general and of development assistance in particular are fond of saying. It means following through on programmes and not starting new initiatives only to abandon them before they have shown results. This is

¹ Stephen Howes 'An overview of aid effectiveness determinants and strategies.' Development Policy Centre Discussion Paper, Crawford School of Economics and Government, ANU, 2011.

truly to way to squander both our dollars and the fund of goodwill that needs to be at the heart of our international relations.

Unfortunately doing things properly appears to be beyond our capabilities. It means recruiting good programme managers – not throwing contract after contract at minimally-audited managing contractors – keeping them on the job long enough to have personal investment in results, and protecting at a bipartisan political level the broader policies that our programmes are based on. We did this pretty well from 1950 well into the 1990s.

Since 2000, Australia appears to have forgotten how to do this, full stop.²

03 AUSTRALIA IS AN INFLUENTIAL PLAYER IN REGIONAL AND INTERNATIONAL ORGANISATIONS.

- Which regional and global organisations matter most to us? How should we support and shape them? How can we maximise our influence?

It really doesn't matter which regional and global organisations Australia belongs to. What matters is that we do not compromise our adherence to the values we committed to uphold when we joined them.

Nonetheless, I draw attention to two recent lower level programmes which are a product of UNCTAD and OECD concerns:³

- Transfer Pricing Programme (2011 OECD initiative) – provides assistance for developing countries to introduce and update national legislation on the taxation of MNCs
- Tax Inspectors Without Borders (2013 OECD initiative) – 'selected experts will work with local tax officials directly on current audits and audit-related issues concerning international tax matters and general audit practices relevant for specific cases' etc

I am merely a development anthropologist, but it is obvious to me that tax minimisation by MNCs operating in the small countries of our region, including the biggest of Australian companies, is a major contributor to a collapse in mining tax revenue to almost zero for the most recent budget year.

Our small neighbours cannot handle problems in the global financial system of this magnitude and complexity. To keep order in the international system around ourselves, the last thing we need is rogue externalities to wreck the economies of our closest friends.

I challenge our foreign policy leaders to look lower down at initiatives like these which can really make a difference to us all.

² I have had personal involvement with several Australian Aid funded programmes in the last decade. One programme dates back 25 years and has continuing bilateral support at ministerial level. But progress in its written objectives is hamstrung by the procession of 12 programme managers put onto it and taken off again 2008-2015, with the record tenure being 3 years. Two weeks ago I met a 13th programme manager. Institutional memory is impossible in these circumstances.

³ H. Cortes and T. M. Ryding 'Tax Inspectors Without Borders' in *The Reality of Aid*, IBON International, 2016, pp. 49-50

04 AUSTRALIA NEEDS TO BE AMBITIOUS IN GRASPING ECONOMIC OPPORTUNITIES.

- What steps should be taken to maximise our trade and investment and expand commercial opportunities for Australian business? How can we ensure Australia is positioned to take advantage of opportunities in the global economy? What are the key risks to Australia's future prosperity and how should we respond?

Questions of this nature are inappropriate in respect of a foreign policy for our immediate neighbourhood. It is as incongruous to ask such questions of Papua New Guinea, the Solomon Islands, Vanuatu and Nauru as it would be to ask them of lands held under Native Title in northern or central Australia.

Australia's interests in these countries are certainly NOT to 'help drive Australia's future growth'. If this were the case, it would represent an unconscionable reversion to the Australian policies towards our near neighbours not seen since they were colonies.

05 AUSTRALIA CONFRONTS A RANGE OF STRATEGIC, SECURITY AND TRANSNATIONAL CHALLENGES.

- How can Australia best deal with instability beyond our borders? How can our foreign policy, including our overseas development assistance program, support a more prosperous, peaceful and stable region? How should our international engagement work to protect Australia against transnational security threats, such as terrorism?

Finally we arrive at the word 'development'. Tellingly, its use has been framed in the context of 'Strategic, Security and Transnational Challenges'. This is an enormous pity.

The Australian government's most recent aid overview promised 'an integrated approach to foreign, trade and development policy'.⁴ We do not see any integration in the Call for Public Submissions.

I must warn that a Foreign Policy openly centred on maximising Australian economic growth will leave Pacific partners perplexed and cynical of Australia's motives in any interactions with them.

06 AUSTRALIA USES A RANGE OF ASSETS AND CAPABILITIES TO PURSUE OUR INTERNATIONAL INTERESTS.

- What assets will we need to advance our foreign policy interests in future years? How can we best use our people and our assets to advance Australia's economic, security and other interests and respond to external events?
- How can Government work more effectively with non-government sectors, including business, universities and NGOs, to advance Australia's interests?

The simple answer to the first question is human assets. As a university professor, no-one has helped me advance Australian foreign policy interests regionally in recent times, nor those of my close colleagues. We do it more or less by ourselves.

⁴ *Australian aid: promoting prosperity, reducing poverty, enhancing stability*. DFAT 2014.

In point of fact, blundering and lack of coordination in public funding has seen us nationally do the complete opposite of making the 'best use our people'.

I refer here to the expansion of DFAT spending at the Australian National University⁵ in 2013, only for the committed funding to be slashed in 2015. Not to put to fine a point on it, but this was really Australia shooting itself in the foot. Nobody expects DFAT to run a university, or that any university is immune from an evolution of government thinking, but some of the brightest and most capable of the next generation of Pacific policy analysts were hired then dumped for no understandable reason. Lost, among others, were the acknowledged expert on China in the Pacific and an expert on the fast money schemes that have plagued our neighbours for years.⁶

Not good. Bringing on our human assets means paying a bit more attention, not just to the bigger picture, but to details in the bigger picture.

In relation to the second question, I now work myself in an institution that might be considered one of the 'non-government sectors, including business, universities and NGOs' that Australia might work more effectively with. Actually, my university does periodically apply successfully for Incentive Funds for minor capital works and it looks like we will receive our first New Colombo Plan student later in 2017.

What more could be done?

The answer is an awful lot. At the Australian National University 2011-2013 I was on the implementation end of a staff exchange programme with PNG's University of Technology. Two teaching staff came each year to the ANU to work on developing their courses by using the ANU's library and online teaching resources. It was extremely well received and had a immediate benefit when the lecturers returned to classes to deliver their courses with updated and improved content.

Excellent – but the Australian Aid scheme entered winding-up mode after two of the three years. It meant that when we wrapped up the last staff exchange there was no programme manager to take possession of our feedback, indeed interest in us evaporated very quickly. It is utterly wasteful to 'advance our interests' in this careless way.

Since then I am happy to see two capacity-building initiatives at the University of Papua New Guinea. However, there are other universities in Papua New Guinea and other countries in the neighbourhood with desperate shortages of properly trained public officials – disaster managers, civil engineers, environmental lawyers, health managers, you name it. Let us not see the UPNG initiatives be discarded when the political wind changes and nothing is extended to the wider region. This would not be in Australia's interest.

The final part of the first question asks how we can better 'respond to external events'. The answer is again by having excellent human assets ourselves and helping to train the human assets of our neighbours. It is the same story throughout – we do not need rocket science solutions, only to listen carefully to the views of our experts and to what our neighbours say they need to do achieve good outcomes.

⁵ Disclaimer: I was at the Australian National University 2004-2013 but left before the events described took place.

⁶ They found jobs elsewhere after a while, but this is a poor way to treat 'our best people'.