

SPECIAL REPORT

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Engaging our neighbours Towards a new relationship between Australia and the Pacific Islands

Report of an Independent Task Force



Chairs' introduction

The Australian Strategic Policy Institute recently convened an Independent Task Force of distinguished Australians to consider future directions in Australia's Pacific Islands policy. We would very much like to acknowledge the hard work of our panel members, all of whom have extensive experience in Pacific affairs and Australia's relations with the region.

The Task Force members were:

Sam Bateman, Anthony Bergin, Jim Carlton, Graeme Dobell, Stewart Firth, Richard Herr, John Kerin, Stephanie Lawson, Paul O'Callaghan, Andrew Peacock, Bob Sercombe, Teimumu Tapueluelu-Schock and John Velegrinis.

The experience and practical insights of this group form the basis of the recommendations in this report. Apart from these individuals, all of whom generously gave their professional expertise, we would like to acknowledge the Rapporteur of the Task Force's deliberations, Professor Stewart Firth, Head of the Pacific Centre, ANU College of Asia and the Pacific and ASPI's Director of Research Programs, Dr Anthony Bergin who managed the project.

Australia has a new government. New issues, such as climate change and labour mobility, are emerging on the regional agenda. The time seems right for Australia to reconsider the way it interacts with its Pacific Island neighbours in Melanesia, Polynesia and Micronesia with the aim of achieving positive outcomes on all sides.

The Task Force makes a series of proposals for a more effective Pacific policy under the broad headings of **Improving Relations, Improving Governance, Creating an Enabling Security, Encouraging Economic Growth, and Furthering Knowledge, Culture and Sport**. The central theme of its recommendations is that, in working towards regional integration with its neighbours in Oceania, the Australian Government should encourage a much greater interchange and cross-flow of people between Australia and the Pacific Islands.

Peter Abigail and Ian Sinclair
Task Force Chairs

Executive summary

Australia has a historic opportunity to enter into a new engagement with its Pacific Island neighbours in Melanesia, Polynesia and Micronesia. At a time when Australia seeks to commit itself more wholeheartedly to redressing global and regional inequities in development, it has the opportunity to make a positive difference both to the development prospects of its Pacific Island neighbouring states and to the life chances of Pacific Islanders, and in the process to enhance its own security.

In order to deepen engagement with a region that will always matter to Australia, the interchange and cross-flow of Australians and Pacific Islanders should become the centrepiece of a long term Australian strategy.

Australia cannot afford to neglect any of its Pacific neighbours, but the focus of its attention should be on the four independent countries of Melanesia: Papua New Guinea, Solomon Islands, Vanuatu and Fiji.

Australia should commit to long term engagement with nearer term goals. The nearer term goals should focus on enhancing the interchange of people between Australia and its Pacific neighbours, facilitating regional economic integration, improving opportunities for education, achieving better health, improving infrastructure in transport, power and communications, encouraging investment, and ensuring that fisheries are protected and their economic returns made sustainable. The principal mechanism for this strategy should be bilaterally negotiated partnerships with Pacific countries aimed at achieving these goals within mutually agreed periods of time.

Improving relations

To improve relations with Pacific Island countries, Australia should:

- *recognise the diverse realities of Pacific cultures, practices and situations*
- *acknowledge the difficulties faced by Pacific Islands governments*
- *emphasise personal diplomacy, based on friendship and familiarity between Australian and Pacific leaders, in bilateral relationships*
- *establish a 'one-and-a-half-track' dialogue with Papua New Guinea*
- *establish an Australian–Pacific Islands Council*
- *seek greater cooperation with the People's Republic of China in promoting development in the Pacific Islands.*

Improving governance

The starting-point of Australia's efforts to work with Pacific Islands governments in improving governance is to focus on assistance to enable them to deliver basic services.

The policy of placing Australians in in-line public service positions should continue but it needs to be accompanied by one that invests heavily in the training and education of public servants at all levels. Australia should act immediately to enhance exchange and short term training opportunities for key personnel in Pacific Islands countries such as senior public servants, teachers, nurses and officials in such areas as customs, quarantine, and statistics collection.

Australia also needs to give priority to a parallel effort to boost the capacity of civil society organisations to enhance service delivery.

Creating an enabling security

Security of person and property is a fundamental prerequisite of economic development. Australia needs to promote an 'enabling security' that will avoid the need, in future, for regional assistance missions like that in Solomon Islands. In helping to create the

conditions for long term private investment, economic development and job creation in the region, Australia should:

- adapt policing assistance programs to local circumstances
- work with PNG on improving internal security
- improve intelligence on Pacific Islands politics
- treat climate change as a regional security threat
- make interventions as regionally representative as possible.

Encouraging economic growth

A general theme of Australian policy should be to promote regional economic integration and the regional provision of goods and services of the kind envisaged in the Pacific Plan. More specifically, the Task Force finds merit in the following approaches to encouraging economic growth in the Pacific Islands:

- work with regional governments and international financial institutions to improve basic infrastructure
- do more to build human capital in the region
- give Pacific Islanders limited and regulated access to our labour market. All would benefit from permitting a more liberalised flow of capital, goods, services and labour across the national borders of the Pacific Forum countries.
- foster market access for primary products through biosecurity and value-adding
- actively promote the sustainability of Pacific fisheries through a fisheries mentorship program, a regional Sustainable Seas program, and a revitalised Patrol Boat Program
- actively promote the sustainability of Pacific forests

- work with regional governments and with financial institutions to improve financial infrastructure
- work with regional governments to make land more accessible for development within a framework of customary ownership
- encourage Pacific governments to remove regulatory barriers to the informal sector of the economy
- expand the Enterprise Challenge Fund for the Pacific and Southeast Asia.

Furthering knowledge, culture and sport

Australians know too little about the countries that are closest to them geographically, and Pacific Islanders need to know more about us. Australia should take steps to:

- deepen two-way knowledge, drawing on the talents of Pacific Islander communities in Australia
- strengthen the Pacific's cultural and creative industries
- expand sport-for-development programs.

Concluding remarks

The ASPI Task Force believes the best way forward in Australia's engagement with its Pacific neighbours lies in a regional integration of Australia and the Forum Island states conceived in the widest sense—not only in the liberalisation of trade and investment already under way—but also in a measured opening of borders that would allow Pacific Islanders to work more easily in Australia and Australians to work more easily in the Pacific Islands, and, beyond that, in a growing interchange and cross-flow of people between Australia and the Pacific for a whole variety of positive purposes that would enrich both sides.

The Report of the Task Force

Introduction

Australia stands at a historic moment in its relations with the countries of the Pacific Islands. Following the emergence of new security threats globally, Australia has acted in recent years to enhance its engagement with the Pacific Islands region through greater flows of official development assistance, support for regional economic integration in the Pacific Plan and help in stabilising governance in Papua New Guinea (PNG), Solomon Islands, Tonga and Nauru.

Fresh challenges and opportunities are now upon us. The international community looks to Australia to boost its aid budget; China's influence is growing in the region; climate change poses future risks to human security across the Pacific; HIV/AIDS endangers health and future political stability in some states; Australia's current prosperity underpins the potential for more Pacific tourism; the transition to free trade between Australia and the Island states offers the chance to extend the regional conversation beyond goods and services to people and their ability to seek employment across the region; there is real and continuing violence in PNG, particularly in the Southern Highlands and Enga provinces and, as some Pacific countries struggle while others such as Samoa prosper, we are reminded that one size does not fit all in the Pacific Islands and that solutions need to be tailored to the cultural, historical and political circumstances of individual states.

In further enhancing our engagement with a region that will always matter to us, Australia should make the interchange and cross-flow of Australians and Pacific Islanders the centrepiece of a long term strategy of improving Islanders' security, economic

opportunities, health, access to services, and their ability to make better lives for themselves in a more open and integrated regional community.

Focus on Melanesia

The focus of Australia's Pacific policy should be on the four independent countries of Melanesia: Papua New Guinea, Solomon Islands, Vanuatu and Fiji. That is where most Pacific Islanders live, and they are the Pacific states most likely to encounter problems of political stability and human security in the years ahead. Emphasising Melanesia, however, does not mean overlooking the rest of the Pacific Islands, especially the fully independent states in Polynesia and Micronesia—Tonga, Samoa, Tuvalu, Nauru and Kiribati—where, despite recent difficulties in Tonga and Nauru, small and coherent nation-states have generally created better conditions for stability and prosperity and the potential for useful assistance by Australia.

Commit to long term engagement with nearer term goals

Australian engagement will need to be long term if it is to assist in checking threats to security and help to create the conditions for prosperity. Strengthening states, especially when they are emerging states of the kind found in PNG, Solomon Islands and Vanuatu, is an undertaking likely to extend over a generation. Recent events point to this conclusion. A major riot erupted in the Solomons capital Honiara in April 2006, following national elections, and Australia sent 400 troops to restore calm. A riot in Tonga destroyed part of the capital Nuku'alofa in November 2006, and Australian troops again intervened. A military coup, Fiji's fourth

in twenty years, overthrew the democratically elected government of Laisenia Qarase in December 2006, and the serious violence that broke out in a Vila squatter settlement in March 2007 was a reminder that the future of Vanuatu may not be stable either. High powered weapons are killing large numbers of people in parts of PNG where law and order is under serious threat. Village court records show that 2,894 people were killed in warfare in Enga province from 1995 to 2006, while similar numbers of deaths are occurring in Southern Highlands Province.

There are further reasons for long-term engagement.

Australia was a lead contributor to the Bougainville peace monitoring mission that ended in 2003. Australian troops and civilians oversaw the ceasefire, the repatriation of displaced villagers, the reconciliation of former enemies, the disposal of weapons and the return of government services. Successes need to be made permanent. Australia needs to assist in ensuring that peace remains in Bougainville in the lead-up to the 2015 referendum on independence.

The nearer term goals should focus on enhancing the interchange of people between Australia and its Pacific neighbours, facilitating regional economic integration, improving opportunities for education, achieving better health, improving infrastructure in transport, power and communications, encouraging investment, and ensuring that fisheries are protected and their economic returns made sustainable. The principal mechanism for this strategy should be bilaterally negotiated partnerships with Pacific Island countries aimed at achieving these goals within mutually agreed periods of time.

Improving relations

Recognise the diverse realities of local cultures, practices and situations

The cultures of Melanesia outside Fiji are characterised by small-scale societies of kin, numerous languages and intensely local political loyalties. PNG, Solomon Islands and Vanuatu are states defined more by territory than national identity, and politicians have tended to respond less to national needs than to the particular demands of the kin group who voted for them. Fiji and the countries of Polynesia and Micronesia, by contrast, were traditionally home to cultures of inherited chiefly authority, often giving rise to larger scale societies that in some cases came to resemble the state. Here there has been a smoother transition from traditional forms of government to the hierarchy and specialisation of the modern state, but complications arising from history—Fiji's ethnic mixture, for example, or Tonga's monarchical constitution—have generated their own problems.

Australia needs to take diversity of this kind into account, and, working with Pacific partners on mutually agreed plans, to devise solutions that work in specific cultural contexts.

Acknowledge the difficulties faced by Pacific Island governments

A strong popular sense of national identity still has to be built in most of Melanesia. Rapid population growth is creating a youth bulge in the populations of PNG, Solomon Islands and Vanuatu, and rapid urbanisation is out-stripping governments' ability to provide services. Government bureaucracies are seriously under-skilled. HIV/AIDS is a looming threat.

Good relations begin with an acknowledgement by Australia that Pacific Islands governments confront difficulties of this kind, and are hard pressed to meet the expectations of their people and of international donors.

Improve bilateral relations with personal diplomacy

Australia's relations with the three largest Pacific countries—PNG, Solomon Islands and Fiji—deteriorated in 2006 and 2007. The strains that emerged are a reminder that Australia must take Pacific sovereignty seriously. Good bilateral relations are the foundation of Australia's influence in the region and ultimately of a regional order that serves the interests of both Australians and Pacific Islanders. A large reservoir of goodwill towards Australia still exists in the region, and it must not be squandered.

Australia's recent initiatives to improve relations with the Pacific should be consolidated. While recognising, as Pacific Islanders do, that corruption and poor governance are seriously undermining regional success, we should reduce the public rhetoric about 'corrupt Pacific practices' and 'failed' or 'fragile' states. The Pacific's 'failed states' are in fact states in the making. Australia's challenging task is to assist the populations of Pacific countries ensure that governments act in the interests of their people. Haranguing Pacific leaders from Canberra does not work, whereas personal diplomacy based on friendship and familiarity between Pacific Island and Australian leaders is, in the Pacific cultural context, the bedrock of good bilateral relationships and far more likely to bring results. The conversation between Australia and its Pacific neighbours should continue to be robust on both sides—honesty demands that it should be—but in private and personalised rather than public settings.

Australia should organise an expanded program of ministerial visits from PNG, Solomon Islands and Vanuatu, and should use the AusAID Pacific leadership initiative to expand opportunities for Pacific Island leaders in all fields to meet their counterparts in Australia and to deepen the personal links which Australia has with the region. Rather than rely on participation by a small set of current political leaders, it would be prudent to include a range of respected Pacific civil society leaders in some of these visits.

The Australian Government has the potential to draw upon the strong and effective set of civil society networks between our respective countries. These have been an under-utilised asset in Australia's relationship with the region over the last decade.

Establish a 'one-and-a-half track' dialogue with PNG

Australia and PNG work together in a unique partnership in development cooperation. They are tied together by propinquity, history and common governmental institutions. Yet Australians living and working in PNG number less than a fifth of those who did so at independence in 1975, and the 'independence generation' of Australians—those who knew and wished PNG well and who developed close friendships with Papua New Guineans—is being replaced by younger Australians who are in positions of influence but know little of their closest and most populous Pacific neighbour. The new generation of Papua New Guineans, too, needs to know more about Australia.

The time is right for Australia and Papua New Guinea to deepen their relationship by establishing an Australia–PNG 'one-and-a-half track' dialogue group that would bring together leaders in business, law, academia, the military, the police and non-government organisations, as well as government officials in both countries. Over time, the dialogue

group would create in both countries a nucleus of people with expertise in the affairs of the other country, especially current and future opinion leaders. It would improve access by each side to the cultural diversity of the other; foster opportunities on both sides for enhanced mutual understanding; and expand areas of contact and exchange between the people of Australia and PNG.

Establish an Australia–Pacific Islands Council

Australia should establish an Australia–Pacific Islands Council (APIC) in order to maximise people-to-people linkages in the region. The Council’s purpose would be to broaden the relationship between Australia and Pacific Islands countries in Melanesia, Polynesia and Micronesia by encouraging and supporting contacts and increasing levels of knowledge and understanding between peoples and institutions on both sides. The Council would support activities designed to promote a greater awareness of Australia in the Pacific Islands and a greater awareness of the Pacific Islands in Australia, including visits and exchanges between the two countries, development of institutional links, and support of cultural and study activities.

Seek greater cooperation with the People’s Republic of China (PRC) in promoting development in the Pacific Islands

Populations of people of Chinese ethnic origin—from Taiwan, Malaysia, Singapore and mainland China itself—have increased markedly everywhere in the region. In some countries, Solomon Islands and Tonga for example, locals have shown resentment of the ‘new Chinese’ by burning and destroying their businesses. At the state level, China is becoming a politically significant player in the region and, through aid and investment, it is drawing a number of countries such

as PNG, Fiji and Tonga more closely into its orbit. Taiwan and China compete with aid and investment for diplomatic recognition in the Pacific. This competition has intensified, with undesirable consequences for good governance in countries such as Solomon Islands.

Australia needs to work more closely with the PRC on a cooperative approach to development and on the responsibility of Beijing, as of Canberra, for the activities of their nationals in the region.

Improving governance

In crafting ways to work with Pacific Islanders to improve governance, Australian policy makers need to be aware of the limits to their influence. Recurring conflict and turmoil accompanied the emergence of strong modern states in Europe, a process that took centuries to complete. In the Pacific Islands, by contrast, the modern state and state institutions have been under construction only for decades, and in some countries they are vulnerable to powerful forces which check their reach and effectiveness. Outside actors such as Australia can help, but within limits created by history and circumstance.

Focus on enabling Pacific governments to deliver basic services

Modern states depend on efficient bureaucracies. The effective delivery of government services goes hand in hand with political stability and the legitimacy of constitutional democracy. If people get something tangible from government, they are more likely to support the system as a whole, and will be less open to disaffection.

PNG, Solomon Islands and Vanuatu have been poor at simple service delivery. As a long time observer of PNG points out, there is much evidence ‘of the failure of government at the

level of those who answer questions from the public; look after files; make, receive and record all small payments; manage recurrent costs of power, building maintenance and cleaning; order stationery, ink for printers and photocopiers; and issue permits for trading, vehicle registration, liquor licences and building.” In PNG and Solomon Islands Australia has endeavoured to counter this deficiency by placing Australians in in-line public service positions under the Enhanced Cooperation Program and the Regional Assistance Mission to Solomon Islands (RAMSI), and this should continue because it has worked well. But the approach needs to be accompanied by one that invests heavily in the training and education of public servants at all levels. This is because radical redirections of policy consume the attention of the most able in a government department, and in departments that have no capacity to carry out basic functions radical redirection is irrelevant. In each of PNG, Solomons and Vanuatu, a bilateral endeavour, mutually agreed upon with Australia, is especially needed in health and education.

Australia should act immediately to enhance opportunities for senior public servants in the Pacific Islands to spend short periods either working in Australian public services on exchange or at least to participate in programs that expose them to public service procedures here. To achieve systemic improvement across key sectors, Australia should also provide such short term training opportunities for Pacific Island teachers, nurses and officials in such areas as customs, quarantine and statistics collection. One option would be to link programs run by the Australia-Pacific Technical College to in-Australia work experience. Samoa’s relative success in governance is partly because it has some depth of expertise at the higher levels of the public service.

Given the ongoing challenges faced by Melanesian governments in providing

services across all parts of their countries, Australia also needs to give priority to a parallel effort to boost the capacity of civil society organisations to enhance service delivery. In the case of PNG, major national church agencies provide most of the health and education services outside urban areas, and the current AusAID-funded PNG Church Partnerships Program (CPP) has demonstrated one model for achieving improved service delivery through networks and processes that already operate effectively in PNG.

Creating an enabling security

The Task Force believes that security of person and property is a fundamental prerequisite of economic development. Without security of person, individual freedom is seriously circumscribed; and without security of property, individuals will be loath to invest in their personal economic future and business enterprises will not invest at all. Australia has adopted a robust response to recent security crises in the Pacific after they occur, readily sending troops and police at the invitation of Pacific governments. The approach works well to restore order in the short term. However, Australia’s security strategy needs to be multi-dimensional and forward-looking if we are to have any effect in promoting ongoing stability. Australia needs to use its many policy tools in a coordinated way to promote an ‘enabling security’ that can render future interventions by Australia unnecessary. To achieve this outcome, a stronger strategic focus is needed on promoting the conditions for long term private investment, economic development and job creation.

Adapt policing assistance programs to local circumstances

Australian policing assistance to the Pacific region has grown considerably in recent years with significant deployments in PNG (for a short period) and Solomon Islands.

Police and policing by the AFP are now at the centre of Australia's security efforts in the region. Important lessons have been learned but challenges remain in ensuring that our assistance is appropriate and sustainable. Australian policing is based on a highly centralised and urban-centred model, whereas most citizens in PNG and Solomon Islands live in rural communities with limited access to urban-based law and justice. Centralised policing models are expensive, and Pacific governments have not been providing adequate levels of support.

Australia needs to ensure that our policing reforms in the Pacific are affordable and sustainable, and should be adapting assistance programs to local circumstances rather than relying on universal (one-size-fits-all) policing packages.

The Regional Assistance Mission to Solomon Islands in its first phase was a military-backed police operation, and police continue to be its security core, bringing benefits that are widely appreciated by most Solomon Islanders, particularly ordinary people. The continued success of RAMSI, however, depends in large part on the ability of the Participating Police Force—mostly Australian—to communicate with local people in Solomons pidgin and in a culturally knowledgeable way.

Recognising the improvements which have been made in 2007, the Task Force believes that Australia should devote even more resources to the linguistic and cultural training of AFP officers posted to Solomon Islands and other Pacific countries.

Work with PNG on improving internal security

People are said to hold 15,000 to 20,000 guns in Southern Highlands Province, which is not the only PNG region where guns are routinely carried and safe passage is guaranteed only to those with armed protectors. Guns

are commonly bought across the border in Indonesia and sold at a profit in PNG. South Bougainville is beyond government control. This national security problem has caused the deaths of far more people than were killed in the Solomons unrest 1998–2003, and has serious implications beyond PNG's borders and across the Torres Strait. Action on it should be a matter of bilateral agreement with agreed goals between the Australian and PNG governments.

Improve intelligence on Pacific Islands politics

Australia should improve its intelligence on Pacific Islands politics, given the call made on Australian resources and the implications for regional security when stability falters. Australia appears not to have expected political unrest in Solomon Islands and Tonga in 2006.

Treat climate change as a regional security threat

Pacific Islands governments are sounding a new note of urgency in their calls for action to curb climate change. Australia is responding but should do more.

Climate change will result in more severe weather patterns in both Australia and the Pacific region. Australia and Pacific Islands countries need to assess the implications of this for disaster response capabilities. Australian emergency response agencies should be encouraged to share their views with Pacific Island disaster response organisations on the likely impacts of climate change on disaster prevention, preparedness, response and recovery, particularly in promoting adaptation activities at the grassroots level.

Australia should give full backing to the Pacific Islands Framework for Action on Climate Change 2006–2015 under the

Pacific Plan; maintain funding for the South Pacific Sea Level and Climate Monitoring Project and increase it for climate change adaptation projects undertaken by the South Pacific Regional Environment Programme; initiate long term planning for the possibility that some Pacific Islanders may become environmental refugees; and examine the feasibility of a Pacific equivalent, especially in Solomon Islands and PNG, of the Australian–Indonesian Kalimantan Forests and Climate Partnership, under which Australia helps to fund the preservation of carbon sinks in the form of tropical forests on the island of Borneo.

Make interventions as regionally representative as possible

The Pacific possesses a number of diplomatic instruments designed to enhance regional security. The most important is the Biketawa Declaration, which authorises regional action to be taken through the Forum in the event of a security crisis in a member state, and prescribes steps graduated from fact-finding missions to regional interventions. Biketawa legally underpins the regional intervention in Solomon Islands. Regional security actions under Biketawa—whether minor or major—should be undertaken in a regional spirit, even if Australia leads the way. Pacific Islanders should not be able to interpret them as Australian heavy-handedness, and Australia should ensure a generous measure of participation by Forum Island states as well as New Zealand.

Encouraging economic growth

The global debate on economic growth in developing countries continues. Some emphasise law and order as the absolute prerequisite of growth; others, as Australia has done in recent times, place their faith in civil society to create the demand for good

governance and tailor their aid programs to support it. Some say all that is needed is the market, irrespective of the culture in which it operates, while others stress the need for developing countries to follow the East Asian example and foster a ‘developmental elite’ who are committed to growth over the long term. The Task Force is aware of this debate and recognises there are few absolute certainties about what will work. Nevertheless, the Task Force is strongly of the view that economic growth is most likely to occur under conditions characterised by good governance, transparency, accountability, respect for the rule of law and sound arrangements for the security of person and property. All of these are the province of national governments, and all offer opportunities for fruitful cooperation between Australia and Pacific states. Within the Pacific Islands Forum area, a general theme of Australian policy should be to promote regional economic integration of the kind envisaged in the Pacific Plan.

More specifically, the Task Force finds merit in the following approaches to encouraging economic growth in the Pacific Islands. They are not new, but they need new emphasis and they will in some cases require greater outlays of official development assistance, the provision of which should be subject to mutually agreed, concrete plans between partner governments and should not be used to bail governments out.

Work with regional governments and international financial institutions to improve basic infrastructure

The infrastructure of transport, power and communications needs considerable improvement everywhere in the region and especially in PNG, Solomon Islands and Vanuatu. Private businesses in the region

have long been hampered by the cost, absence or poor state of basic infrastructure. Government business enterprises or private monopolies in telecoms, power, petrol refining, cement and air travel have delayed the coming of the inexpensive, efficient supply of infrastructure which now underpins the growth economies of East Asia, and which ought to be found in the Pacific Islands. Pacific governments need to reduce regulatory barriers to competition in these areas. At the same time Australia should redouble efforts to support long term funding for the maintenance of roads and bridges in these countries and the building of new ones; it should continue to work with Pacific governments and with the World Bank and the Asian Development Bank to improve ports and extend rural electrification; and it should press Pacific governments to extend competition in the telecoms sector so as to multiply the use of mobile phones and reduce the high cost of telephone and internet communication.

Do more to build human capital in the region

Large investments in human capital through education and training are characteristic marks of fast-growing East Asian economies, and Australia needs to assist Pacific governments to follow their example. Australia has taken the initiative by establishing the Australia-Pacific Technical College, and through the Australian Leadership Award, Australian Development Scholarship and Australian Regional Development Scholarship schemes. But we should do even more.

First, Australia should be doing more to support the basic building block of education—primary schools—in the Pacific, especially in those countries where large minorities of children never go to school at all, as in PNG and Solomon Islands.

Second, we should offer scholarships to the most talented Pacific Island children, whatever their background, to come to Australia for high school education for the final two years.

Third, there needs to be a greater cross-flow of people between Australia and the Pacific. As a general theme of policy, we should encourage and assist Pacific Islanders to come to Australia in increasing numbers for education, for exposure to the workings and practices of a globalised and sophisticated economic system, and on exchange from private and public employment positions in the region.

Fourth, Australia should give limited direct financial support, on a competitive basis, to the best of the region's tertiary institutions so as to boost their international competitiveness. The Pacific's own tertiary educational institutions play a key role in producing the region's highly skilled workforce for the next generation, and they need more than Pacific governments are giving them. The terms of AusAID scholarships should also be revised so as to permit more Pacific Islanders to study at tertiary level in Australia.

Fifth, Australia should develop a *Careers Pacific* model to support citizens of Pacific Island nations in making decisions about work and learning in the context of a full and productive life. A *Careers Pacific* model would link all current career education and pathway planning systems across the region.

Give Pacific Islanders limited and regulated access to our labour market

The Task Force believes Australia should permit a measure of access by Pacific Islanders to seasonal jobs in Australia. Pacific Island governments regularly request such access, and see it as wholly consistent with the regional economic integration and

free trade arrangements that Australia has long favoured. Australia would benefit economically from meeting the requests of Pacific Island countries for access to those of its labour markets which have critical labour shortages, and Pacific communities would benefit from the inflow of remittances.

Remittances are major sources of national income in Tonga, Samoa, Fiji, Kiribati and Tuvalu. The people of the poorest Pacific countries—PNG, Solomon Islands and Vanuatu—have comparatively little opportunity to work abroad and earn remittances, yet remittances are not aid, are not channelled through bureaucracies and tend to reduce income inequalities. An Australian Senate committee proposed in 2003 that the government experiment with a trial program of bringing Pacific Islanders to Australia on short-term contracts for seasonal work, and the World Bank repeated the recommendation in 2006. The World Bank concluded that unskilled labour mobility could ‘make an important contribution towards enhancing economic and social stability in the region. Indeed, the benefits from the liberalisation of the movement of labor may far outweigh the benefits from further trade liberalisation for some Pacific island economies.’²

Australia should take early steps to follow New Zealand’s lead in establishing a program that allows Pacific Islanders to be given priority in gaining seasonal work opportunities in horticulture and viticulture.

Australia should not link any labour market access program, whether in a trial phase or subsequently, with the Pacific Agreement on Closer Economic Relations (PACER) negotiations, which are likely to last a long time. In return for providing access to its labour market, Australia should be flexible in the concessions it seeks to obtain. In some Pacific Island countries this would include

improved access for Australians seeking to work there. This would be in the spirit of the Pacific Plan, which is creating reciprocal labour market access among Forum Island states. At the same time, Australia should encourage Island governments to develop policies that encourage remittances and that have the effect of lowering the cost (at present very high) of remitting funds to Pacific countries.

As part of a new policy of openness to the region, Australia should consider recruiting Pacific Islanders into the Australian Defence Force (ADF), just as the United Kingdom recruits Fijians into the British Army. The ADF is struggling to find recruits, and Pacific Islanders are keen to serve. One approach might be to recruit experienced Fijians and Papua New Guineans into the ADF for three to four years, with the possibility of citizenship on completion of their service.

Foster market access for primary products through biosecurity and value-adding

Agriculture, fisheries and forestry will provide the majority of livelihoods in Pacific countries for decades to come and have significant potential to raise incomes and increase economic growth. An important priority for research and development with application to the Pacific is to identify and control the invasive pests and diseases which are an increasing trade challenge in the region. A number of Pacific countries are giving greater recognition to biosecurity measures, food safety, and animal and crop health as a means of realising their agricultural potential in domestic and export markets.

Australia needs to assist Pacific countries in addressing their lack of technical and institutional capacity to engage in collaborative innovation. One approach might be for partner countries to participate in research projects directly. Australian expertise should in any case be used to support suitable

training programs at both tertiary and vocational level, in order to build the relevant scientific and managerial skill base in the region and improve the prospects that Pacific countries would act on the results of research. Working partnerships between Australian and Pacific agencies in developing and implementing agricultural research programs would provide further practical enhancement of institutional capacities in the region.

Actively promote the sustainability of Pacific fisheries

Fisheries and fishing licence fees underpin the economic security of many Pacific states, especially small island states such as Kiribati and Tuvalu. But tuna fishing fleets in the Pacific are growing to unsustainable levels, and some tuna species are already over-fished. Unless action is taken, the potential benefits of the largest tuna fishery in the world will be eroded, depriving some states of their only major option for economic development. The Western and Central Pacific Fisheries Commission is making headway with management arrangements, but some island countries are seizing short term gains from the excess licensing of fishing vessels while ignoring long term losses as stocks decline. Coastal and reef fisheries are also under threat as expanding populations over-fish dwindling stocks. And Pacific fisheries are at risk from illegal, unregulated and unreported (IUU) fishing. Many fisheries departments in Pacific countries could benefit from access to expert advice on the economics and science of fisheries management. Government capacity directly influences the ability of island states to capture wealth from tuna, that capacity needs to be strengthened, and Australia should help.

Australia should create a fisheries mentorship program, *Fish for Tomorrow*, using national advisers based in Pacific nations, which would draw on expertise from the Forum Fisheries

Agency, the Australian Fisheries Management Authority and key Australian university centres. The program would be designed to build leadership capacity building in fisheries, and offer long term support for Pacific Island governments wishing to build sustainable management of their own offshore zones and, significantly, extend these principles to the high seas. The approach should be bottom up, developing an understanding of the need for, and a capacity to achieve, sustainable fisheries management.

Australia should give special assistance to the University of the South Pacific to establish a regional *Sustainable Seas* program that would offer a range of short and long courses, including those for senior administrators on sustainable fisheries, and would conduct independent research on contemporary fisheries issues.

Australia should initiate a dedicated fisheries scholarship program that would attract higher performing individuals to enrol in fisheries programs in Australia. These would be custom-built and include attachments to fisheries management agencies at both federal and state levels. Unless enhancement is provided, fisheries will not attract the necessary calibre of individuals away from more lucrative careers.

IUU fishing, by one estimate worth US\$960 million a year in skipjack tuna alone, is a threat to Island economies and the ocean environment. At the 2007 South Pacific Forum meeting, Australia announced a \$500,000 contribution as incentive funding to recognise effective action by Pacific Island Countries to combat IUU fishing. The funding will help establish a path forward on IUU but Australia needs to capitalise on its substantial investment in the Pacific Patrol Boat (PPB) program, which has provided twenty-two boats to twelve recipient countries.

Australia should adopt a fresh approach to combating IUU Pacific fishing by revitalising the Patrol Boat Program to substantially increase the time spent at sea by Pacific Patrol Boats as part of the regional Monitoring, Control and Surveillance initiative. Rather than being seen to provide operational and recurrent funding for salaries and overtime, additional Australian funding would focus on developing cooperative programs between states for joint patrols under existing legal arrangements. This would transform the operational capabilities of national patrol boat programs.

As Australia's increased investment in combating IUU fishing in northern Australian waters is now paying off, consideration should be given to moving some assets from this area—fisheries inspectors, observers and customs and naval patrol craft—to assist in combating IUU fishing in the Pacific.

Actively promote the sustainability of Pacific forests

Tropical forestry takes an unsustainable form in some Pacific countries. AusAID concludes that 'prospects for shifting to a more sustainable and economically rational logging regime are poor in Solomon Islands and Papua New Guinea'.³ Yet Pacific countries will need the growth opportunities offered by forestry in the future, and Australia should work with Pacific governments in examining the feasibility of reforestation, especially in Solomon Islands. A major reforestation project in Solomons Islands would provide badly needed employment and training and make a contribution to the global environment through the carbon capture process. More than that, it would create a future resource, just as British plantings of mahogany in Fiji fifty years ago have delivered a profitable resource to the present generation.

Work with regional governments and with financial institutions to improve financial infrastructure

The costs of remitting funds to Pacific countries from elsewhere are high, even for small transactions. Australia should support Pacific governments in working with banks and other financial institutions to lower transaction costs when funds are remitted, and to devise regulatory frameworks that encourage competition in this area. Technological solutions already exist.

Australia should also support the development of financial markets in the region, and the use of micro-finance, especially in rural settings where villagers have little access to banking services. One Australian bank has pioneered micro-finance services in the Pacific, and more should follow suit. In the long run the establishment of sustainable banking services to rural areas will require, in some Pacific countries, greater security and, in all, the improvement of telecommunications and power infrastructure.

Work with regional governments to make land more accessible for development within a framework of customary ownership

The Task Force endorses the AusAID view that customary land ownership 'is deeply embedded in Pacific cultures and has provided a safety net that has helped shield the region from poverty'.⁴ Reforms to make more land available for development in Pacific countries should be undertaken, but they should proceed cautiously and within a framework of customary ownership. Australia can help Pacific countries to record rights to land, establish arbitration and mediation procedures for land disputes and make the administration of land law more efficient.

Encourage Pacific governments to remove regulatory barriers to the informal sector of the economy

The majority of rural Pacific Islanders work outside the formal economy, and an increasing number of urban Pacific Islanders will work outside it in the future. Australia needs to encourage Pacific governments to recognise the economic importance and vitality of the informal sector—in rural and urban markets, for example, and in urban street stalls—and to encourage rather than hamper it. All Pacific governments should be urged to include the informal sector in estimating their national accounts.

Expand the Enterprise Challenge Fund for the Pacific and Southeast Asia

All Pacific Island countries need more investment in order to grow. Australia should energetically encourage Australian businesses to invest in Pacific Islands countries. AusAID's Enterprise Challenge Fund (ECF), which offers grants to business projects with pro-poor outcomes, is the kind of initiative that is needed, and it ought to be expanded to foster investment, employment and growth in the region.

Furthering knowledge, culture and sport

Deepen two-way knowledge

Australians know too little about the countries that are geographically closest to them. Systematic teaching about the Pacific Islands is rare in school curricula, and only one Australian university—the Australian National University—has a Pacific Islands major among its undergraduate programs. Australian young people and Pacific young people need more opportunities to gain first hand experience of each other's countries and cultures.

Australia should develop a *Ship for Pacific Youth Program*, a ship based program whereby Australian and Pacific youth would engage with each other to broaden their understanding while visiting Australia and Pacific countries. Participants would be involved in a wide range of activities aimed at fostering cultural sensitivity, understanding and friendship. Australia should also make use of the presence of sizeable Pacific Islander communities who already have strong links with the region.

Strengthen the Pacific's cultural and creative industries

The Pacific's cultural and creative industries encompass the work of poets, dancers, visual artists, carvers, healers, weavers, canoe builders, teachers of indigenous knowledge, composers, choreographers, writers, filmmakers, museum curators, festival organisers and so on. They are a source of economic survival, social and political stability, knowledge and pride for Pacific Islanders. Australian assistance programs should build upon such strengths.

Australia should open a dialogue with culturally focused ministries and organisations in the region on how Australia can best develop a program of support for the cultural and creative industries of the South Pacific.

Expand sport-for-development programs

Sport offers important opportunities for Pacific Island countries to improve the quality of life for their people, to stimulate economies, and to offer pathways for young people to achieve better standards of education and job opportunities abroad. The UN recognises 'Sport for Development' as a valuable contribution to the achievement of the Millennium Development Goals and the Pacific Plan endorses the developmental

role of sport. Australia has committed \$5 million over five years to a Pacific sport-for-development program that runs from 2006 until 2011.

The Task Force recommends that the current village based sport-for-development programs in Vanuatu, Samoa, Kiribati and Nauru be expanded and extended in time, that they be introduced into new countries such as Solomon Islands, Fiji and Tonga, and that Australia establish a Pacific Sport Ambassador Program to enable Pacific sportspeople to train in Australia and return home with new skills.

Conclusion

At a time when Australia seeks to commit itself more wholeheartedly to redressing global and regional inequities in development, it has the opportunity to make a positive difference both to the development prospects of its Pacific Island neighbouring states and to the life chances of individual Pacific Islanders. Partnerships between Australia and Pacific countries with agreed targets on progress in key areas are a promising way of making that difference.

More broadly, the ASPI Task Force believes the best way forward in this endeavour lies in a regional integration of Australia and the Forum Island states conceived in the widest sense—not only in the liberalisation of trade and investment already under way but also in a measured opening of borders that would allow Pacific Islanders to work more easily in Australia and Australians to work more easily in the Pacific Islands, and, beyond that, in a growing interchange and cross-flow of people between Australia and the Pacific for a whole variety of positive purposes that would enrich both sides.

Endnotes

- 1 Hank Nelson, *Governments, States and Labels*, SSGM Discussion Paper 2006/1, p. 6.
- 2 *A Pacific Engaged: Australia's Relations with Papua New Guinea and the Island States of the South-west Pacific*. Senate Foreign Affairs, Defence and Trade References Committee, Parliament of the Commonwealth of Australia, 2003; World Bank *At Home and Away: Expanding Job Opportunities for Pacific Islanders through Labor Mobility*, Washington, 2006.
- 3 *AusAID Pacific 2020: Challenges and Opportunities for Growth*, Canberra, 2006, p. 118.
- 4 *AusAID Pacific 2020: Challenges and Opportunities for Growth*, Canberra, 2006, p. 81.

Task Force members

Major General Peter Abigail AO (Retd) joined ASPI as Director in April 2005. In February 2007 he was appointed to the ASPI Council as Executive Director. Prior to that he spent 37 years in the Army. Following promotion to Major General in December 1996, he served in a range of senior leadership appointments in the Defence Organisation.

As Assistant Chief of the Defence Force (Policy and Strategic Guidance) and then Head Strategic Policy and Plans (Australian Defence Headquarters) (1996–1998) he was responsible for key aspects of Defence policy, military strategy and capability development.

As Deputy Chief of Army (1998–2000) he was responsible for managing the Army and its interaction with other Defence stakeholders. In his final appointment, as Land Commander Australia (2000–2002), he commanded all of the Army's operational forces, full time and reserves, including those that were committed to operations in East Timor, Bougainville and Afghanistan.

Peter retired from the Army in 2003 and formed a private company, Peter Abigail & Associates Pty Limited, specialising in strategic consultancy services before taking up his position at ASPI.

Dr Sam Bateman retired from the Royal Australian Navy as a Commodore and is now a Professorial Research Fellow at the Australian National Centre for Ocean Resources and Security (ANCORS) at the University of Wollongong, and a Senior Fellow and Adviser to the Maritime Security Programme at the S. Rajaratnam School of International Studies (RSIS) at the Nanyang Technological University in Singapore. His naval service included four ship commands, five years in Papua New Guinea and several postings in the force development and strategic policy areas of the Department of Defence in Canberra. He has written extensively on defence and maritime issues in Australia, the Asia–Pacific and Indian Ocean, including

on piracy and maritime terrorism. In 2005, he co-authored a report *Future unknown: The terrorist threat to Australian maritime security* for the Australian Strategic Policy Institute, and in 2006, co-authored the RSIS Policy Paper *Safety and Security in the Malacca and Singapore Straits: An Agenda for Action*. He is widely recognised as a regional maritime security expert and regularly provides comments for Australian and international media.

Dr Anthony Bergin is the Director of Research Programs for ASPI. He is responsible for the Institute's research and publication programs. Prior to joining ASPI, he was an Associate Professor, University of NSW at the Australian Defence Force Academy and was previously Director of the Australian Defence Studies Centre. He has written over 150 papers and book chapters on a wide range of national security and ocean policy issues and authored and co-authored eight major government reports in the area of marine affairs and national security. He is the author and editor of a number of important works, including *Naval Power in the Pacific*; *The Pacific Patrol Boat Project—a Case Study in Defence Cooperation* and a co-author of the ASPI publication *Future unknown: The terrorist threat to Australian maritime security*.

The Hon Jim Carlton AO was Minister for Health in the Fraser Government, and Federal Member for Mackellar from 1977 to 1994.

His Defence interests included service on the Joint Standing Committee on Foreign Affairs and Defence, and a period as Shadow Minister for Defence.

In 1983 he attended the Senior Managers in Government Program at the John F Kennedy School of Government at Harvard.

From 1994 he served for seven years as Secretary-General of the Australian Red Cross, developing a close relationship with the ADF in International Humanitarian Law, and with the International Committee of the Red Cross in the management of war zone relief.

After graduating in Science from the University of Sydney, where he was President of the Students' Representative Council, Mr Carlton spent some years in the manufacturing industry, followed by five years with the management consultants McKinsey and Company.

Currently he is a Director of PNG Sustainable Development Program Limited, the trust company that holds BHP Billiton's former 52% shareholding in OK Tedi Mining Limited, applying the dividends to development work in Papua New Guinea. He is also a Director of The Australia New Zealand School of Government, and a Senior Adviser to the Boston Consulting Group.

Mr Graeme Dobell is one of the Australian Broadcasting Corporation's most experienced reporters of Asia–Pacific affairs. Previously the ABC's Southeast Asia radio correspondent in Singapore he is now the Canberra-based Foreign Affairs & Defence Correspondent for Radio Australia—reporting also for ABC radio news and current affairs programs. Since 1985 Graeme has focused on reporting the affairs of the Asia–Pacific region and has covered the APEC summits and the security dialogue of the ASEAN Regional Forum. Assignments in his career as a correspondent have included the Falklands War, coups in Fiji, Thailand and the Philippines, Beijing after the crushing of the pro-democracy movement in Tiananmen Square and the return of Hong Kong to China.

He is the author of *Australia Finds Home—The Choices and Chances of an Asia Pacific Journey* (ABC Books, 2000).

Professor Stewart Firth is Head of the Pacific Centre, College of Asia and the Pacific, Australian National University. He was Professor of Politics at the University of the South Pacific, Suva, Fiji, 1998–2004, and has published widely on the history and politics of the Pacific Islands. His most recent books are *Australia in International Politics: an introduction to Australian foreign policy*, 2nd edn, Allen & Unwin, Sydney, 2005,

and three edited collections: *Globalisation and Governance in the Pacific Islands*, ANU E Press, 2006 and (with Jon Fraenkel) *From Election to Coup in Fiji: the 2006 campaign and its aftermath*, Asia Pacific Press, 2007, and (with Sinclair Dinnen) *Rebuilding the State in Solomon Islands*, Asia Pacific Press, 2008, forthcoming.

Associate Professor Richard Herr OAM has been teaching at the University of Tasmania for more than thirty-five years and has held a variety of positions including Head of Department. Dr Herr has held visiting appointments in New Caledonia, New Zealand, United States and the USSR. He has published extensively on aspects of South Pacific affairs, particularly regional relations. He has also undertaken a number of consultancies for the regional organisations and governments of the Pacific Islands. He was awarded an Order of Australia Medal in June 2007.

The Hon John Kerin AM was from 1972–75 the member for Macarthur and between 1978–93 MP for Werriwa. He was Minister for Primary Industry, Primary Industries and Energy, 1983–91, Treasurer 1991, and Trade and Overseas Development, 1992–93. From 1994 he has chaired a range of research bodies, including the CRC's for Soil and Land Management, Plantation Forests, Sensor Signal and Information Processing, Tropical Savannas, Weeds. He also chaired the Australian Meat and Livestock Corporation, Queensland Fisheries Management Authority, NSW State Forests, all no longer current. He is currently on the Board of the Southern Rivers Catchment Management Authority. He has honorary PhD's in Science, Agricultural Science and Letters.

Professor Stephanie Lawson is Professor of Politics and International Relations at Macquarie University. She has held teaching and research positions at the University of New England, the Australian National University, the University of East Anglia and the University of Birmingham. Her research focuses on issues concerning

culture, ethnicity, nationalism, and democracy, and combines comparative and normative approaches to the study of world politics. She is the author of many articles dealing with these issues in the Asia–Pacific region as well as globally. Her books include *Culture and Context in World Politics* (Palgrave 2006), *International Relations: A Short Introduction* (Polity Press, 2003), *Europe and the Asia-Pacific: Culture, Identity and Representations of Region* (RoutledgeCurzon, 2003); *The New Agenda in International Relations: From Polarization to Globalization in World Politics?* (Polity Press, 2001); *Tradition Versus Democracy in the South Pacific: Fiji, Tonga and Western Samoa* (Cambridge University Press 1996), and *The Failure of Democratic Politics in Fiji* (Clarendon Press, 1991).

Mr Paul O’Callaghan is the Executive Director of the Australian Council for International Development (ACFID), which represents 70 Australian non-profit aid and development organisations. He serves on the Foreign Minister’s Aid Advisory Council and is a member of the National Non-Profit Roundtable and the Australian Collaboration. He has been Co-chair of the World Bank’s Asia–Pacific civil society network in 2006–07 and has served on the boards of several non-profit organisations. He served as the deputy CEO of Australia’s National Disability Services umbrella organisation from 2001–2005. He previously had several Australian diplomatic appointments, including as High Commissioner to Samoa from 1997–2000 and appointments in Malaysia and Thailand. He is a Fellow of the Australian Institute of Management.

The Hon Andrew Peacock AC commenced duties as Chairman of MFS Limited on 19 March 2007. Prior to that he was President, Boeing Australia from July 2002. Mr Peacock previously served as Australia’s Ambassador to the United States from 1997 to 2000. Prior to that appointment he spent twenty-nine years in the Federal Parliament and during his Parliamentary career,

he held eight Ministerial positions, including Minister for Foreign Affairs, Minister for Industrial Relations, and Minister for Industry and Commerce. He was also Leader of the Opposition and Shadow Treasurer. Mr Peacock was made a Companion in the Order of Australia (AC) in 1997.

Mr Bob Sercombe was Federal MP for Maribyrnong [Vic] from 1996–2007, following on from service in the Victorian Parliament. From 2004–2006, he was Shadow Minister for Overseas Aid and Pacific Islands Affairs. He also served on the Joint Standing Committee on Foreign Affairs, Defence and Trade. He has published a number of Policy documents on Pacific Islands issues which can be accessed on www.bobsercombe.com

Rt Hon Ian Sinclair AC was educated at Knox Grammar School and Sydney University (BA LLB) he has been awarded a D Univ (HC) from UNE and DLitt (HC) from USC, is a member of the NSW Bar and farmed “Glenclair” Bendemeer NSW from 1953 to 2001.

In 1961 he was elected to the NSW Legislative Council and from 1963 to 1998 represented New England in the House of Representatives. He was Leader and Deputy Leader of the National Party, held numerous senior portfolios including Defence, Communications, Primary Industry, Shipping and Transport and Social Services, was Leader of the House and retired as Speaker. He chairs the Boards of several national organisations and is Adjunct Professor in Social Sciences (Political Science) at the University of New England.

Ms Teimumu Tapueluelu-Schock is the Legal Counsel, Pacific Banking, Westpac Banking Corporation. As Legal Counsel for Westpac’s Pacific Banking operation, she is responsible for facilitating and providing legal services across seven South Pacific Island countries.

Teimumu was appointed Legal Counsel for Pacific Banking in September 2006. Prior to

that, Teimumu held the role of Legal Counsel for Westpac Bank of Tonga. Prior to joining Westpac in 1998, Teimumu worked as Crown Counsel for the Attorney General's Office in Tonga.

Teimumu holds a Bachelor of Law from Otago University in New Zealand and is a Barrister & Solicitor of the High Court of New Zealand and the Supreme Court of Tonga and a Solicitor of the Supreme Court of New South Wales.

Mr John Velegrinis is the General Manager Regional Markets, Pacific for ANZ, a position he took up in January 2007. Born and educated in Melbourne, John started his career in 1982 and has over 25 years banking experience including branch banking, senior roles in corporate and institutional banking, risk management and key project work for the ANZ Group.

Prior to this assignment, John was ANZ's General Manager, Fiji with responsibility for ANZ's largest country operation in the Pacific. During this period ANZ's Fiji business grew at a rate of over 25% per annum and major new initiatives included a new Rural Banking scheme and partnership with United Nations Development Program which has achieved global attention. Prior to this role, John was ANZ's Head of Risk Management – International, with the responsibility of managing ANZ's Credit and Operating Risks across twenty-one countries throughout Asia and the Pacific.

He is a Fellow of the Australian Finance and Securities Institute and has completed studies at two universities, including post-graduate studies in Banking and Finance.

In his new role John has direct responsibility for the Pacific country operations in Tonga, Solomon Islands, Kiribati, Cook Islands and Timor Leste. In addition, he has responsibility for major business segments throughout the Pacific business regionally, including Tourism, Asset Finance, Resources & Infrastructure and Banking the Unbanked.

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