



Options Paper

What does it look like for Australia to be a... Generational Partner for Pacific Economies and Societies

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Why it matters

Australia's engagement with the Pacific is one of its **highest foreign policy priorities**.¹ Risks to the openness and stability of the Indo-Pacific² impact on Australia's own prosperity – and the pandemic has highlighted the need to strengthen regional economies against future economic shocks.³

Recent events remind us that the Pacific is a region of global significance. **China's growing presence in the region** has shifted regional dynamics, and not in Australia's favour.⁴

At a time of intensifying geostrategic competition there may be **pressure for Australia to take a short-term and transactional approach** towards the region. Such crisis thinking would be unnecessary and counterproductive.

Faced with a challenge to its profile and influence, the most sensible steps for Australia to take are those which resolutely focus on **economic integration, reciprocity and sustained commitment to generational progress** – rather than reactive short-termism fuelled by geostrategic competition.

Australia needs to embrace the chance to **shape a sophisticated vision for its engagement in the region**. This means moving to an approach based on a long-term, generational relationship linked to the sustainable development agenda. This requires a framing that embraces opportunities for Australians and Pacific Islanders to achieve their potential both now and into the future, supporting each other across generations.

A long-term approach based on a mutually-beneficial partnership will **reap dividends far beyond transactionalism**. For example, it is true that the things that are a risk to the region are also a risk to Australia, like infectious disease risk, but it is problematic to talk about supporting health security to keep Australia safe. Pacific communities deserve good health irrespective of Australia's health security. The aim should be true and meaningful partnership and sustainable development.

As the single largest development partner in the region, **Australia is well-positioned** to take the relationship forward in a positive and sustainable way. Through tools including labour mobility, education and training, people-to-people relationships and long-term development partnerships, Australia can build towards a **positive agenda** based on people, prosperity, planet, partnership and peace. Australia can be a generational partner for Pacific economies and societies in fighting poverty, increasing economic activity, building governance, strengthening resilience and promoting more peaceful societies. This period offers an opportunity to reposition.

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- 1 Department of Foreign Affairs and Trade, "Australia's Pacific Engagement": <https://www.dfat.gov.au/geo/pacific/engagement/stepping-up-australias-pacific-engagement>
 - 2 Department of Foreign Affairs and Trade, *Partnerships for Recovery: Australia's COVID-19 Development Response*. Ministerial Foreword, pp1; <https://www.dfat.gov.au/development/australias-development-program/partnerships-recovery-australias-covid-19-development-response>
 - 3 Asian Development Bank Pacific Economic Monitor, December 2021: <https://www.adb.org/sites/default/files/publication/757271/pem-december-2021.pdf>
 - 4 Department of Foreign Affairs and Trade, *2017 Foreign Policy White Paper*, 23 November 2017: <https://www.dfat.gov.au/publications/minisite/2017-foreign-policy-white-paper/fpwhitepaper/index.html>; Department of Defence, *2020 Defence Strategic Update*, 1 July 2020: <https://www.defence.gov.au/about/publications/2020-defence-strategic-update>

Aligning views

PACIFIC VIEWS

It is well-established that the countries of the Pacific consider **climate change and its effects** to be the single greatest threat to their livelihoods, culture, security and sovereignty. Australia's perceived inconsistency of commitment as to the significance of climate security is confusing.

The daily, widespread struggles for **access to basic services** – such as healthcare, education, financial services, markets, and opportunities for income generation – present fundamental challenges. This is particularly so for people who are geographically disconnected.

Pacific island countries remain extremely vulnerable to the **health and economic effects of the COVID-19 pandemic**. For example, as well as the immediate impact on tourism, the closure of schools for long periods during the pandemic has had enormous long-term effects on education. Pacific leaders are concerned about the potential for a lost decade – or even a lost generation – both in the formal and informal economies. On the positive, the pandemic is an opportunity to make more sustainable economies.

There is a massive **need for employment opportunities** to manage domestic pressures. Australia's current labour mobility program is perceived as conditional and one-sided and there is evidence of exploitation by some employers. More broadly, the difficulty of access to Australia – for example for short-term visits – is seen as unequal and demeaning in that Australia does not reciprocate the familial relationship it continues to advocate for across the region.

From the perspective of Pacific people, Australian investments in the region are **not always tangible**; by contrast, many Chinese investments, such as in infrastructure, are high visibility. Australian programs that have strong recognition include Pacific Women Lead, educational and technical and vocational education support, and programs focused on gender equality, disability and social inclusion (GEDSI).⁵ While Australian assistance is, in a general sense, respected and valued, it is not always well-understood.⁶

Where Australia is perceived as emphasising its own interests (even if concurrently with notions of family), there is the risk that it may be perceived as giving **in order to buy influence** and acting according to its own priorities without commensurate consideration to Pacific interests and regional challenges. The region will respond negatively to attempts to use Australia's development cooperation program to impose its vision or, alternatively, frame it exclusively in terms of geopolitical competition; this will fail to achieve either national interest or development objectives.⁷

Instead of playing the same game as its perceived competition, Australia now has an opportunity to articulate its aims for the Pacific in terms that work to its **comparative soft power advantage**, while also addressing the compounding health and economic impacts of the pandemic. It should focus on improving resilience and social cohesion, building human capital and advancing human security as part of a geo-economic strategy with social infrastructure at its centre.

5 Whitlam Institute, *Pacific Perspectives on the World: Listening to Australia's Island Neighbours in order to build strong, respectful and sustainable relationships*, February 2020, p. 23: <https://www.whitlam.org/publications/2020/2/13/pacific-perspectives-on-the-world> "Participants were mindful of the considerable and extensive assistance that Australia has provided to the region over many years. However, there appears to be a mismatch between the number of Australian programs, projects, and initiatives (some of which predate the Step-up) and the infrequency with which they were referenced by the people we listened to. Very few programs and their dollar value were raised by the research participants: notable exceptions were labour mobility programs, APTC, Pacific Women Shaping Pacific Development and RAMSI."

6 See, for example: Whitlam Institute, *PNG Voices: Listening to Australia's Closest Neighbour, Papua New Guinean perspectives on Australia and the world*, April 2022: <https://www.whitlam.org/publications/pngvoices>

7 Australian Council for International Development, Submission to JSCFADT, *Strengthening Australia's Relationships with Countries in the Pacific Region*, June 2020: <https://acfid.asn.au/sites/site.acfid/files/ACFID%20Submission%20to%20the%20JSCFADT%20Inquiry%20into%20Strengthening%20Australia%27s%20relationships%20with%20countries%20in%20the%20Pacific%20Region.pdf>

AUSTRALIAN VIEWS

Australian bilateral and collaborative investments with partner donors should build the health, education and social protection systems that Pacific island countries need for coming generations.

The region has long been open to an approach to cooperation with Australia which focuses on strong partnerships and the **transfer of knowledge, skills and people**. There is a desire to see greater Pacific engagement in the different dimensions of the relationship. This includes people-to-people linkages, welcoming and engaging with Pacific people, more extensive trade and promoting leadership of local bodies in design, implementation and delivery of disaster recovery and development assistance.

‘Localisation’ is much broader than simply ‘replacing people’ – it is about greater Pacific engagement in all aspects of development program design and implementation with multi-dimensional implications throughout the region. What is desired is a genuine commitment to listening to Pacific voices and **responsiveness** to the Pacific’s development priorities.⁸ This can build on the momentum COVID-19 has brought to normalising local leadership. Localisation is an asset that helps progress Australia’s broader partnership narrative.

From the Australian perspective, it has become the norm to think in terms of **national interest**, but Australia also approaches the Pacific with a sense of certain **shared values** as well. Australia’s rhetoric on engagement in the region has been geared towards three themes: shared geography and history, Australia as a trusted friend and partner of choice and a deeply intertwined future.

As the people who are closest geographically, Pacific economies and societies are necessarily important to Australia. Australia has long-standing concerns about **instability** in the region and more recent concerns about **Chinese geopolitical influence**. There have been explicit statements around Australia’s ‘red lines’ in the region.

Australia has traditionally had a **sense of responsibility** to work with the Pacific. Aid has been a key mechanism, with development assistance the major component of the budget for the Pacific. Defence plays an important role responding to the constant and accelerating impact of natural disasters as an auxiliary to civilian-led response.

Enabling prosperity and sustainable economic development in the Pacific is the first pillar of Australia’s Pacific Step-up agenda, including trade, education, employment and infrastructure investment.⁹ Australia and the Pacific have shared interests in trade and growth to build globally competitive, diversified, knowledge-based economies across region.

⁸ Whitlam Institute, *Pacific Perspectives on the World: Listening to Australia’s Island Neighbours in order to build strong, respectful and sustainable relationships*, February 2020: <https://www.whitlam.org/publications/2020/2/13/pacific-perspectives-on-the-world>

⁹ Joint Standing Committee on Foreign Affairs, Defence and Trade, *Strengthening Australia’s Relationships in the Pacific*, March 2022: https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/PacificRelationships/Report

OPPORTUNITIES FOR ALIGNMENT

There are different views in Australia on the current focus on **infrastructure**. Government has emphasised hard infrastructure investments through the Australian Infrastructure Financing Facility for the Pacific (AIFFP). There is no denying that Pacific island countries need such infrastructure built. But many in the development community argue that hard infrastructure cannot stand alone without concurrent investments in social infrastructure, especially given the income and opportunities lost during the pandemic. Further, as the AIFFP has earmarked a substantial sum of limited ODA for its use, hard infrastructure projects should be augmented by additional social programs, for example leveraging electrification and internet expansion for health, education and social payment outcomes.

Australia's ideal vision is of a **stable, prosperous and inclusive region** where **Australia is a preferred and trusted partner**. Many understand that to achieve this, Australia needs to work with the Pacific on things that are important to the Pacific.

At times there are **tensions** between Australia's national interest and being responsive to Pacific needs. Where Australia privileges its own institutional requirements and solutions above local agency and local solutions this can undermine trust and feed negative perceptions about Australia's real intent.

The **changing debate on climate change in Australia** may offer greater opportunities for alignment.

Security issues can be framed as **common interests** in a shared sphere of interest. Tensions around geopolitical concerns can potentially be used to make engagement work better for the Pacific. For example, geopolitical concerns have been a factor in greater investments in infrastructure through the AIFFP.

Australia and the Pacific have a **shared interest in disaster resilience and recovery**. They also have a **shared interest in health security** and an effective response to the immediate and longer-term effects of the COVID-19 pandemic. This provides an opportunity for closer engagement, collaboration and continued investment towards strengthening health systems and health outcomes across the region.

At the macro level, a stronger focus on problem-solving and genuine partnership can produce deeper and longer-lasting relationships founded on trust. There is the **opportunity for a rhetorical reset** framed in terms of a long-term generational partnership, prioritising responsiveness to the Pacific's own priorities for development and with a clear eye on a shared, long-term future. Engaging with the cultural underpinnings, ways of thinking and decision-making processes of Pacific societies can help shift the conversation towards one of partnership.

CASE STUDY:

DIGITAL CASH PROGRAMMING IN FIJI

An innovative Save the Children digital cash program helped vulnerable families in Fiji to manage the devastating impacts of COVID-19, with the largest humanitarian cash transfer in Fiji's history using mobile payment platforms to send almost A\$20 million in funds to households identified as having the greatest need.

The report shows that many families assisted in the first phase of the project spent money on food (95%), water (27%), electricity (30%), clothing (19%) and medical expenses (16%) after receiving \$400 Fijian dollars. Some also bought cleaning products to keep their homes COVID-safe during the height of the pandemic.

Between December 2020 and June 2021, about A\$4.2 million was distributed to 16,772 families who had lost income due to the pandemic or recent to the second phase of the project transferred A\$15.3 million before ending in January, taking the total amount to A\$19.5 million benefitting 39,000 households.

Using assessment criteria developed with the Fijian government and local NGOs like the Fiji Council of Social Services, Save the Children prioritised vulnerable groups such as the elderly, women, children and people living with a disability. Save the Children uses cash and voucher assistance to support households impacted by disasters all over the world, however the use of digital cash is a recent development.

CASE STUDY:

DELIVERING RESULTS THROUGH LONG-TERM NGO PARTNERSHIPS¹⁰

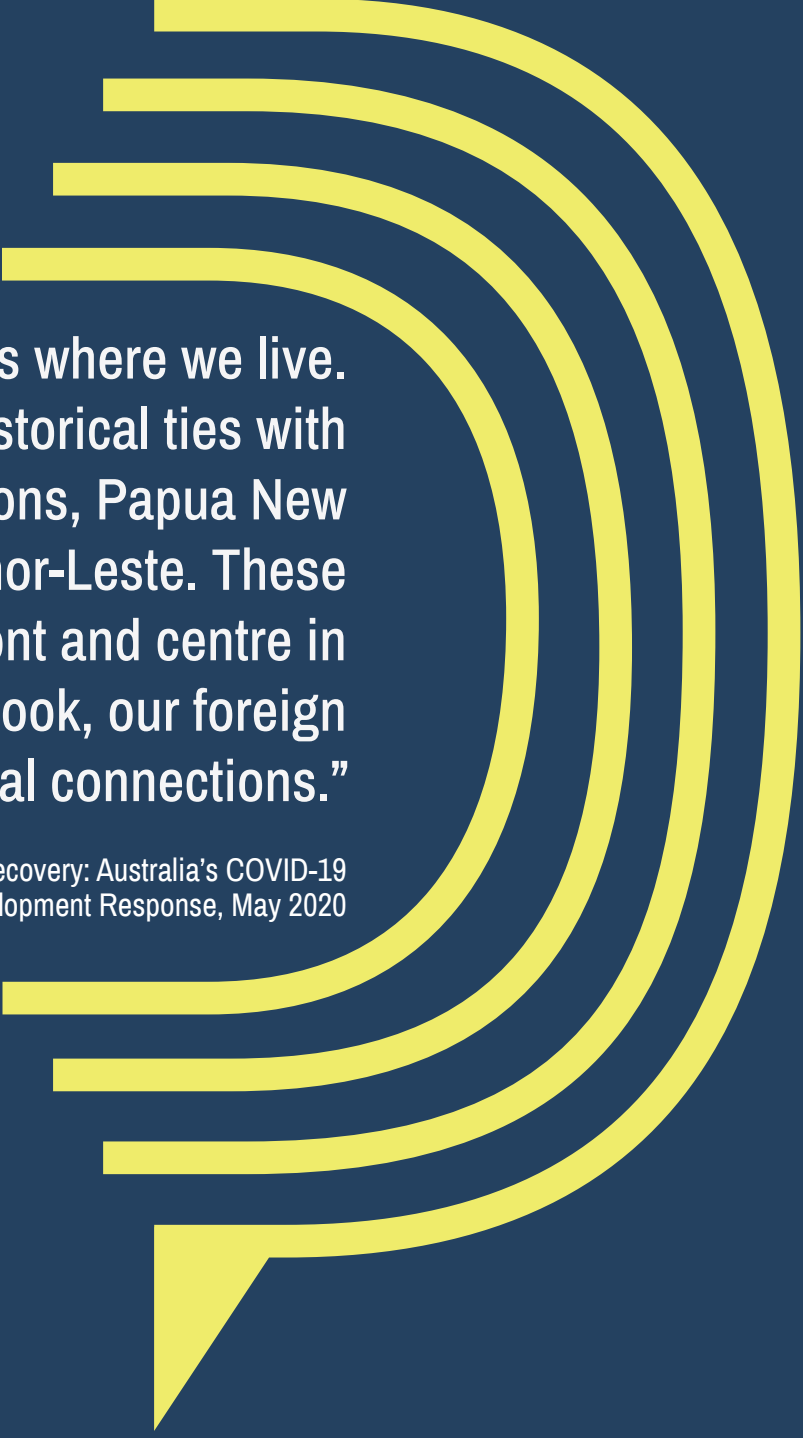
NGOs and civil society have been working in partnership with the Australian Government, particularly through the Australian NGO Cooperation Program (ANCP), for over 40 years to deliver development outcomes. DFAT's own evaluation of the ANCP corroborates the effectiveness of the program's approach. The 2015 review described the ANCP as "one of the best performing programs" delivering 18.2 percent of DFAT's aggregate development results for only 2.7 percent of the overall development program spend.

Beyond the ANCP, in 2020, 61 Australian NGOs expended \$157 million across 529 projects in a dozen Pacific countries. While 50% of funding comes from DFAT, another 11% is corporate support with the remainder from the public, which is significant as an aggregate across the region.

The advantage of the Australian community NGOs is their longstanding and close relationships with Pacific churches and community organisations, which means ready-made partnerships and community level knowledge and response.

The program fosters unparalleled people-to-people linkages, supporting Australia's development program's engagement with marginalisation and exclusion that would likely otherwise remain unreachable.

¹⁰ Australian Council for International Development, Submission to JSCFADT, Strengthening Australia's Relationships with Countries in the Pacific Region, June 2020, p.10:



**“The Pacific is where we live.
We share deep historical ties with
Pacific island nations, Papua New
Guinea and Timor-Leste. These
countries are front and centre in
Australia’s strategic outlook, our foreign
policy, and our personal connections.”**

Partnerships for Recovery: Australia’s COVID-19
Development Response, May 2020

Barriers

There are a range of reasons why Australia has found it challenging to navigate relations in the Pacific and build confidence across the region in its intent and capabilities. **Geopolitics and geostrategic competition** encourages short-termism and makes it harder to focus on longer-term, principled and genuine engagement. There is a danger that the current focus on China overtakes other priorities and dominates the relationship; thus diminishing trust and leading to Australia's diplomatic intentions not always being well-received. Taking a competition-based approach to engagement is counter to everybody's interests, particularly Pacific Islanders.

Australia's **lack of urgency and leadership on climate change** disconnects Australia from the region. There is a need for Australia to take climate action seriously. The Boe Declaration is the logical starting point and Australian domestic climate policies are critical.

Tension persists between what purports to be a familial partnership built on shared values and what sometimes appears to still be **a traditional donor-recipient relationship**.

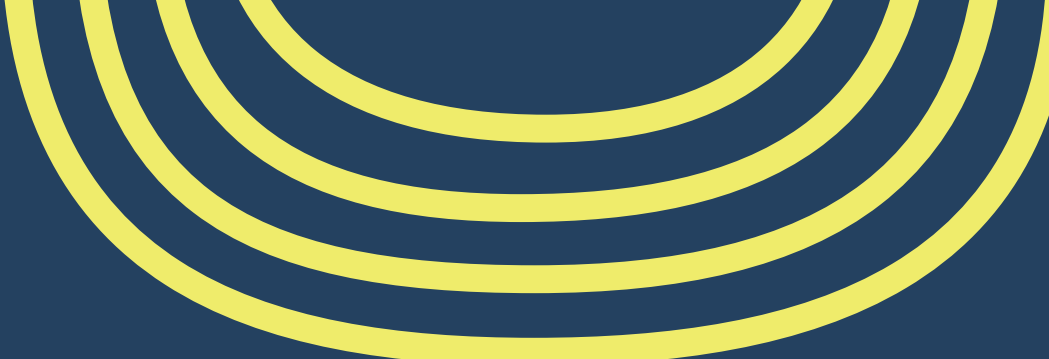
The language and framing of engagement can create negative perceptions of Australia. Colonial undertones are unhelpful. Diplomatically, Australia needs to get the language right.

The **structural limitations faced by Pacific economies** present a significant challenge. For example, lack of access to banking and digital technologies is a barrier for many Pacific businesses and services. Far away from international markets, small economies prevent economies of scale. For example, in health services the cost per life saved or disability-adjusted life-year will be more expensive due to small populations to serve and the physical realities of many Pacific island

countries. This means grant support and 'aid' is still a key component to economic development, but it doesn't have to be the only emphasis. The challenge remains how to provide effective support in specific areas where it is not realistic for Pacific island countries to be self-sufficient through domestic resource mobilisation. For example, Pacific island countries will have a continuing need for foreign exchange to purchase essentials such as vaccines, drugs and consumables for healthcare, and this will require international support.

Australian concerns have meant that labour mobility programs **lack pathways for permanent migration**, and it is a missed opportunity for enhancing an alternate development strategy.

Australia's low levels of Pacific literacy are a barrier to greater partnership. Pacific Islanders know a lot about Australia, but the reverse is far from true with Australians often lacking knowledge of culturally sensitive issues and lacking empathy on Pacific regional concerns.



“Australia’s got strength to work on; they just need to be serious on the long-term, on the long-term relationship... If you gave the choice to Papua New Guinean students between China and Australia, without question they could choose Australia over China.”

Michael Kabuni, Papua New Guinea, AP4D Pacific Voices Consultation, April 2022

“We don’t need handouts or highly trained technical advisers. What we do need is for Australia to listen to local leaders, to listen to provincial leaders, and then to listen to the national leaders and if you don’t have the mechanism to do that, find the mechanism to do that... Australia cannot talk about work or employment issues unless it is coming to the table with the resources to support local opportunities but also to support opportunities for youths in the Pacific to find employment in Australia and New Zealand.”

Dr Basil Leodoro, Vanuatu, AP4D Pacific Voices Consultation, April 2022

“We are not the small brother, Australia’s not the big brother. We are all neighbours.”

Opeta Alefaio, Fiji, AP4D Pacific Voices Consultation, April 2022



The vision in practice

Australia frames its approach to the Pacific as a **generational partnership** and enjoys a deeper, more sophisticated relationship with Pacific island countries characterised by respect and trust.

Australia listens and responds to the Pacific on the existential threat posed by **climate change** and delivers a response commensurate with the threat.

A more **open labour market** increases benefits to the region, and a more flexible border creates a relationship on a more equal footing. There is a positive ethos of Pacific people working and living in Australia and Australian people living and working in the Pacific. Strong diasporas support the partnership relationship. The Pacific region is no longer viewed through a development lens, with less dependence, and more partnership.

A strengthened development cooperation program sits alongside a growing economic and security partnership. It aims to support inclusive growth, rather than just economic output, for example through microfinance and programs for rural and areas of greatest need. The development program supports community organisations and civil society.

Australia focuses on **coherence** across its development partnerships and **coordinates with other donor countries**. Australia's interventions complement, capitalise and build on Pacific systems and institutions already in place.

Australia is able to strengthen effective, long-term development partnerships that are responsive to Pacific voices and priorities.¹¹ Localisation is a natural and critical input, rather than an ideological 'nice to have'. **Local and Indigenous leadership is visible, valued and sought**, including by Indigenous researchers in Australia working with Pacific colleagues. On disaster risk reduction, respect for traditional knowledge and support for community-led local resilience are hallmarks of Australia's engagement.

Climate adaptive planning is integrated into development partnerships, going beyond traditional environmental safeguards to effectively address climate change and environmental risks while seeking opportunities to make positive environmental and climate impacts. Australia prioritises initiatives and models – such as innovative green infrastructure approaches, ecosystem-based resource management and nature-based disaster risk reduction solutions – which deliver social, economic, and environmental benefits.

A life-course approach to health is applied across families and generations, ensuring disability inclusiveness and addressing non-communicable diseases.

Australians appreciate the culture and diversity of their Pacific neighbours and show increasing **Pacific literacy**, including interest in Pacific languages. Deepened people-to-people links between the Australian public and Pacific Islanders facilitates reciprocal knowledge, greater collaboration and mutual respect. Culture is understood to be much more than dancing and handicrafts, but as a vehicle for Indigenous and traditional knowledge systems.

Large **Pacific diasporas** in Australia are key sources of knowledge and expertise and are included and welcomed when it comes to critical conversations. Australia celebrates its Pacific heritage and acknowledges the contribution of Pacific Islanders, building on local government efforts in this area.

Australia applies its comparative advantage as an education provider to address the demand for skills, management and leadership. Strengthened linkages between Australian institutions and Pacific schools and universities enable policy and knowledge exchange in priority areas including health, education, and climate change. Academic institutions across the region are supported to be innovative in boosting cross-cultural knowledge.

11 Australian Council for International Development, Submission to JSCFADT, *Strengthening Australia's Relationships with Countries in the Pacific Region*, June 2020: <https://acfid.asn.au/sites/site.acfid/files/ACFID%20Submission%20to%20the%20JSCFADT%20Inquiry%20into%20Strengthening%20Australia%27s%20relationships%20with%20countries%20in%20the%20Pacific%20Region.pdf>

Over the longer term, Australia helps Pacific island countries identify viable economic activities and local jobs that would **connect the region to the global economy in a sustainable way**. Trade expos celebrate the excellence of Pacific products and regulatory and administrative processes are streamlined for Pacific products.

Australia and Pacific **trade grows for mutual benefit** with new opportunities building on PACER Plus. Australian trade supports healthy lifestyles rather than contributing to health problems. For example, ending Australian and New Zealand's export of low-quality meat to Pacific island countries would reduce its contribution to lifestyle diseases and reduction of life expectancy. Setting mutually-agreed quality controls on exports and imports would benefit both Australia and the region.

Financial flows have a positive impact on Pacific economies and societies. Pacific businesses are creative and active in **building markets** and see barriers to trade reduce over time. Australia builds on market development programs that link producers with purchasers.

Australia responds to the need for **small-scale appropriate technology** development that can be used by rural Pacific communities for undertaking small-scale economic enterprises. Partnerships are established by Australian training institutions and industry to develop or market existing appropriate technology for use at the household level to enable physically disconnected, informal and small-scale enterprises to become profitable and sustainable.

Key Australian actors frame and talk about the Pacific using **rhetoric that emphasises partnership and positive relationships** rather than problems and needs. This reframes the relationship as a partnership of neighbours, not as Australia as the fixer of Pacific problems. It focuses on Pacific capacity strength rather than capacity deficit.

Australia understands its relationship as a 'long walk' alongside generations of Islanders given its location on the shores of the Blue Pacific continent. This **plays to Australia's strengths**.

CASE STUDY:

THE INDO-PACIFIC CENTRE FOR HEALTH SECURITY ¹²

The Centre is the implementation body for the Australian Government's \$300 million Health Security Initiative, launched in 2017, and the \$623 million Vaccine Access and Health Security Initiative, announced last year in response to the COVID-19 pandemic. The Centre is located in the Department of Foreign Affairs and Trade, and brings together relevant Australian Government Agencies, advised by a distinguished Technical Reference Group. The Centre's mix of DFAT staff, secondees from six Departments and specialist contractors provides in-house expertise in areas including the veterinary sciences, regulation, immunology, microbiology, epidemiology and anthropology.

The Centre for Health Security is uniquely placed to leverage the projects, partnerships and goodwill Australia has built to address the urgent need to mitigate growing health security threats to our country and our region.

The Centre brings together global investments, collaboration with regional organisations (including ASEAN) and bilateral health cooperation to deliver both strategic direction and practical, timely assistance for regional government partners in the Indo-Pacific region. It is an example of supporting collaboration and demonstrating that building local capacity, valuing local expertise and knowledge.

¹² <https://indopacifichealthsecurity.dfat.gov.au/>

CASE STUDY:

PACMOSSI - JOINING FORCES TO RAMP UP MOSQUITO CONTROL AND REDUCE DISEASE¹³

Demonstrating the power of collaborative research and effective capacity strengthening, the Pacific Community (SPC) has joined forces with James Cook University to tackle the scourge of mosquito borne disease that continues to blight the region.

PacMOSSI is a consortium led by the World Health Organisation, and featuring 12 international partners, including SPC and James Cook University. It is co-funded by the Department of Foreign Affairs and Trade and France's development agency.

A malaria vaccine may have been endorsed by the World Health Organisation, but the idea of eliminating disease caused by mosquitoes is still a long way off, as 96 outbreaks of dengue, zika, and chikungunya in the Pacific between January 2012 and May 2021.

PacMOSSI focuses on training, surveillance and response plans. One of its first projects is to complete a needs analysis of the Pacific island countries, so that training can be adapted accordingly and informed by listening to their needs, their contexts and realities.

CASE STUDY:

BRIDGE SCHOOL PARTNERSHIPS¹⁴

The Building Relationships through Intercultural Dialogue and Growing Engagement (BRIDGE) School Partnerships Program is a flagship program of the Asia Education Foundation that has operated since 2008. Announced by the Hon Julie Bishop MP and the then Senator, the Hon Concetta Fierravanti-Wells, in 2018 the Program expanded into the Pacific region.

BRIDGE supports school communities across Australia to establish an international school partnership with a sister school from the Pacific region. The program builds educators' professional knowledge, capabilities and skills and students collaborate on projects, practice language skills and develop lifelong friendships with their partner school. A key focus of the program is strengthening links between schools that offer education to students with a disability.

Through pre-departure training, online and face-to-face professional learning in Australia and abroad, educators deepen their understanding of global engagement; create opportunities for connecting students globally through classroom learning; explore innovative technologies to take learning beyond the four walls of the classroom; and connect with educators to share innovative classroom practice, including inclusive education.

¹³ <https://pacmossi.org/>

¹⁴ <https://www.asiaeducation.edu.au/programmes/school-partnerships/participating-countries/pacific>

Pathways

LEADERSHIP ON CLIMATE CHANGE

Australia should acknowledge the threat climate change poses to the region and overcome ambivalence and inconsistency around Australian climate and energy policy. Climate – along with migration – is an area where Australia can send a message that it truly wants to be part of the Pacific by making hard decisions and sacrificing something for the Pacific's sake.

LABOUR MOBILITY AND MIGRATION PATHWAYS

Expand labour mobility by opening up the labour market to create new opportunities for Pacific islanders and spreading its income generating potential further. Address the flaws in the current schemes that create the risk of exploitation and introduce pathways to permanency into Australia's migration program.

Emphasise the positive ethos around mobility, that is, reciprocity and multicultural exchange with Australians working and living in the Pacific and Pacific Islanders working and living in Australia. Reciprocity sends a significant message. Leveling the playing field when it comes to labour mobility – that is, removing the one-sided conditionality of the scheme – would reflect the “Pacific family” terminology sometimes used to describe the relationship. It fits well with the model many Pacific Islanders have where they have a foot in the village and a foot in the city, flowing from where they come from, going back and forth to build up skills and income and come back.

A skills visa approach is the most promising economically, in terms of drawing the link between Australia's need for domestic service workers, and the fact that the Pacific is well placed to provide this. With Australia's needs given an aging population, fulfilling the potential of the scheme serves Australia's economic and national

interests, plays into the kind of strategic partnership that Australia should have with the region, and builds critical people-to-people connectedness. One area to investigate is potential recruitment of Pacific citizens in the ADF as occurs with, for example, the British army.

It has been estimated that expanded labour mobility opportunities could generate an additional net income of about US\$13 billion for about 240,000 permanent migrants by 2040, generating benefits for both the labour-receiving and labour-sending countries as well as for the migrants themselves.¹⁵

There is an important role for pre-departure preparation for labour mobility, ensuring that those coming to a new country are well-prepared and ready to relate to others.

The “youth bulge” in the Pacific is an opportunity for Australia and Pacific island countries to come together to address challenges associated with livelihood opportunities. Labour mobility can be a focus of shared engagement and activity to improve existing programs and then this can form the basis of long-term economic relationship.

REINVIGORATE RELATIONSHIPS THROUGH LITERACY AND CULTURAL EXCHANGE

Enhancing Pacific literacy among both Australian policy makers and the Australian community is key to demonstrating Australia listens to and respects local needs and priorities. Future programs can build upon long-standing, people-to-people links and educational exchanges. Incorporation of Pacific culture into Australian schools, including Pacific languages, builds intercultural understanding.¹⁶ There should be increasing recognition and acknowledgement of the tens of thousands of Pacific Islanders who already live in Australia.¹⁷

Sustained investment is needed to build Australia's Pacific literacy. Realistically this will be a long-term project that

15 World Bank, *Pacific Possible*, 2017: <https://openknowledge.worldbank.org/bitstream/handle/10986/28135/ACS22308-PUBLIC-P154324-ADD-SERIES-PPFullReportFINALscreen.pdf?sequence=1&isAllowed=y>

16 <https://www.dfat.gov.au/people-to-people/foundations-councils-institutes/australia-indonesia-institute/programs/bridge-school-partnership-program>

17 25 August marks Australian South Sea Islander (ASSI) recognition week on our national cultural calendar. <https://australian.museum/learn/cultures/pacific-collection/australian-south-sea-islander-recognition-day/>

requires an array of approaches and roles for a range of organisations rather than just government – although government has an important role in setting tone.

As well as Australian and Pacific public and civil society, it is also critical that new and emerging leaders have the chance to engage with one another. Examples include the newly-formed Friends of the Pacific Family Parliamentary Group, the Australian Development Cooperation Parliamentary Program and the ADF Parliamentary Program.¹⁸

There is potential for Australian First Nations and Pacific Islanders in shared problem solving¹⁹, particularly around the Coral Sea. Many First Nations Queenslanders are Coral Sea people, in the same way that Papua New Guineans, Solomon Islanders and Ni-Vans are Coral Sea people.

BE A PARTNER FOR EDUCATION AND SKILLS

Australia has been an active strong leader on international education into Asian countries, but the Pacific has not participated as much as desired, primarily due to barriers to entry into technical training, secondary education gaps, and complicated pathways for degrees, accreditation and visas. Formal recognition of degrees needs priority, as do generating systems whereby universities encourage postgraduate students to return, both to conduct more research and address brain drain. Establishing agreements with Pacific institutions for Australian students to work and live amongst local people would be enriching, and help develop a more nuanced, contextual and accurate opinion of place and people.

Realising the opportunities for economic and societal advancement in Pacific island countries will depend on the availability of adequate skills and education - at all levels. This in turn requires improved basic education and what the World Bank's 'Pacific Possible' publication refers to as 'market-responsive skills development'.²⁰

Within the development program, the vocational training portion of the Australia-Pacific Training Coalition (APTC) is very highly regarded in its methodological approaches. The danger is that without employment pathways, such interventions can lead to a lot of over-skilled and underemployed people. APTC could utilise labour mobility and link into Australian employment systems. This would create more mutuality rather than siloed aid approaches.

UNLOCK OPPORTUNITIES THROUGH LONG-TERM CIVIL SOCIETY PARTNERSHIPS

Building on existing initiatives that exemplify strong collaborative partnerships brings significant benefit to both Australia and the Pacific, including the Australian NGO Cooperation Program. This should integrate diplomatic efforts with development cooperation to create sophisticated, modern, and respectful partnerships that are genuinely collaborative and long-term. The value of civil society organisations cannot be overstated as a soft power asset for Australia.

TRADE PATHWAYS

There are opportunities to increase trade, including in commodities such as coffee, palm oil and coconut.

There is a great need for small-scale appropriate technology development that can be used by rural Pacific communities for undertaking small scale economic enterprises. Establishing partnerships with Australian training institutions and industry to develop or market already developed appropriate technology for use at the household level will be useful to enable physically disconnected, informal and small-scale enterprises to become profitable and sustainable.

18 OECD, *Development Co-operation Peer Review: Australia*, 2018, https://www.oecd-ilibrary.org/development/oecd-development-co-operation-peer-reviews-australia-2018_9789264293366-en

19 James Blackwell and Julie Ballangarry, *Indigenous Foreign Policy: a new way forward?*, Australian Feminist Foreign Policy Coalition Issues Paper Series, Issue Paper 1, April 2022, <https://iwda.org.au/assets/files/AFFPC-issues-paper-Indigenous-Foreign-Policy-Blackwell-Ballangarry-FINAL.pdf>

20 World Bank, *Pacific Possible*, 2017: <https://openknowledge.worldbank.org/bitstream/handle/10986/28135/ACS22308-PUBLIC-P154324-ADD-SERIES-PPFullReportFINALscreen.pdf?sequence=1&isAllowed=y>

CHANGE THE CONVERSATION ON INFRASTRUCTURE PROJECTS

Australia should continue to invest in infrastructure, which is important to pandemic recovery.

It should focus on infrastructure which supports economic growth over the long term (not only demonstrating countering China). Because the Pacific has been receiving significant infrastructure financing, it is becoming harder to justify funding more marginal projects. Increasingly, it will be about service delivery, with a need to move away from large scale projects to maintenance of existing infrastructure, small-scale capital works and climate adaptation. These are the areas that will have the highest economic return. The dispersed nature of populations in smaller outlying islands in most Pacific island countries means that small-scale financing and recurrent expenditure for maintenance and operating of infrastructure is best long-term investment. “Build and forget” is not a viable model and offers a potential point of distinction for Australian infrastructure developments if a “lifetime engagement” approach is taken.

Australia should consider sustainability as part of capital works and build in climate resilience. It will focus on investing in appropriate technology: on infrastructure that can be of most benefit to the most people over generations. Casting a gender lens on infrastructure is an important element in making that cost benefit analysis. Building capacity, utilising renewables and making use of local materials are all important for sustainability.

Australia should enhance concessionality of loans to avoid adding to Pacific debt burdens. The repurposing of the A\$1.5 billion non-concessional loan component of the Australian Infrastructure Financing Facility for the Pacific (AIFFP) into either more concessional loans or grants would help free-up additional resources to fund social infrastructure such as health facilities and support pro-poor economic recovery. This is particularly important for PNG and other Pacific island countries which have limited international borrowing options and rely largely on the multilateral development banks (with already stretched resources) or with loans from China.

It is worth noting that Australia’s A\$500 million in reconstruction and development loans to Indonesia provided by the Howard Government after the December 2004 Indian Ocean tsunami were on highly concessional terms, even though Indonesia is a much larger and richer economy than those in the Pacific.²¹ Given the danger of high rates of indebtedness of some small Pacific island countries²² and the budget expenditure forgone on social services, there have been calls for a moratorium on repayments on Australian loans and consideration of debt swaps for budget priorities in health and education.²³

21 Australian Council for International Development, Submission to JSCFADT, *Strengthening Australia's Relationships with Countries in the Pacific Region*, June 2020, p.13: <https://acfid.asn.au/sites/site.acfid/files/ACFID%20Submission%20to%20the%20JSCFADT%20Inquiry%20into%20Strengthening%20Australia%27s%20relationships%20with%20countries%20in%20the%20Pacific%20Region.pdf>; S Howes & M Dornan, Moving beyond grants: questions about Australian Infrastructure financing in the Pacific, 2018.

22 Lowy Institute Pacific Aid Map: <https://pacificaidmap.lowyinstitute.org/>. For analysis, see Roland Rajah, Jonathan Pryke and Alexandre Dayant, “China, the Pacific, and the “debt trap” question”, The Interpreter, 29 October 2019: <https://www.lowyinstitute.org/the-interpreter/china-pacific-and-debt-trap-question>

23 For example, Australian Council for International Development, *Mobilising development finance for economic growth and social impact*, 2022: <https://acfid.asn.au/sites/site.acfid/files/Election%20Policy%20Brief%20-%20Development%20Finance.pdf>; Luke Fletcher, “Don’t saddle Pacific Islands with disaster debt”, The Interpreter, 1 June 2022: <https://www.lowyinstitute.org/the-interpreter/don-t-saddle-pacific-islands-disaster-debt>

CASE STUDY:

CARDNO MARKET DEVELOPMENT FACILITY²⁴

Cardno's Market Development Facility (MDF) is an Australian Government funded multi-country initiative working in five countries across Asia Pacific – Fiji, Timor-Leste, Pakistan, Sri Lanka and PNG.

Implemented by Palladium, in partnership with Swisscontact, MDF uses a Market Systems Development (MSD) approach to promote sustainable economic development, through higher incomes for women and men by connecting individuals, businesses, governments and NGOs with each other, and with markets at home and abroad.

This enhances investment and coordination and allows partnerships to flourish, strengthening inclusive economic growth, with the economic empowerment of women central to its work.

MDF has leveraged US\$14.2 million in private sector investment since 2012. In 2020, 45 percent of MDF's program beneficiaries were women. This reflects a cumulative 170,200 women who have benefitted from MDF interventions since the start of the program. MDF is increasingly focusing on climate change mitigation and adaptation as part of building inclusive market interventions, supporting its partners to explore viable opportunities for sustainable economies of scale as well as avenues for green growth.

CASE STUDY:

PACIFIC WOMEN LEAD²⁵


Pacific Women Lead (PWL) is the Australian Government's new regional gender equality program for the Pacific, to be delivered over 5 years (2021-2026) through an A\$170 million investment.

The PWL program aims to ensure that Pacific women and girls, in all their diversity, are safe and equitably share resources, opportunities and decision-making, with men and boys. PWL will focus on women's leadership and women's rights, including safety, health and economic empowerment and increasing the effectiveness of regional gender equality efforts. This new program builds on Australia's long-standing support for gender equality in the Pacific region through the Pacific Women Shaping Pacific Development program. PWL will complement and is additional to existing (separately funded) bilateral gender equality partnerships.

Pacific Women Lead will support Pacific-led approaches and prioritise Pacific voices and ownership, through the establishment of a new Governance Board and new strategic partnerships with Pacific organisations, including the Pacific Community (SPC) and Pacific women's organisations as key delivery partners.

²⁴ <https://marketdevelopmentfacility.org/what-we-do/>

²⁵ <https://www.dfat.gov.au/about-us/business-opportunities/business-notifications/pacific-women-lead-atm-id-dfat-324>



“Pacific island nations, like many others in the AsiaPacific, face a long and challenging road to recovery out of COVID-19. Australia’s ‘stepped-up’ Pacific engagement must recalibrate, with a renewed emphasis on strengthening trade and business relations in ways that respond to Pacific priorities, while providing a boost to recovery now and into the long term.”

Caitlin Byrne and Tess Newton Cain, Activating trade and investment between Australia and the Pacific islands region, Griffith Asia Insights, October 2021

“Closures of international borders have shut down industries like tourism in the Pacific... and curtailed migration, which has reduced flows of remittances to developing countries. Public health measures imposed to contain the pandemic have pushed firms out of business and destroyed jobs in developed and developing countries alike. But developing economies have had less resilience, or often less diversified, and have thinner social safety nets, making their people far more vulnerable to the pandemic’s economic shock... The road to recovery for developing countries requires concerted support from developed countries, focusing on both health care and economic recovery.”

Then Shadow Minister for International Development and the Pacific Patrick Conroy MP,
Address to the Australian Council for International Development, September 2021

“For me, as a leader, and us as governments, our collective interests are being pressured and shaped toward a new Pacific order — one that won’t necessarily meet the expectations of others — or the perceptions of outsiders. What is important is that we choose what’s best for us. We have the ability to define what’s good, and we have the right to take commanding ownership of our future.”

Secretary-General of the Pacific Islands Forum Henry Puna, University of the South Pacific, October 2012



Contributions

Thank you to those who have contributed their thoughts during the development of this paper. Views expressed cannot be attributed to any individuals or organisations involved in the process.

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