

# Partnership or power play? Australia's relationship with Papua New Guinea

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Aid relationships are inherently relationships of unequal power, regardless of how they are framed. Who gives aid ultimately controls how that aid is distributed. Inequality and injustice are structurally created and maintained through development policies, which arise from the hegemony of certain developed countries and international institutions. Transitioning from labels of aid-donor relationships to equal partnerships without an accompanying shift in how the relationship is conducted serves as a method of obscuring the intrinsic imbalance of power in these relationships. Re-framing the rhetoric of aid partnerships is a power that ultimately lies with the donor. Changing how aid relationships are labelled allows the donor to continue along the well-worn path in pursuit of their own national interest – a paternalistic neo-colonialism – under the guise of mutual benefits.

This chapter will explore the inherent power imbalance in the context of Australia's partnership with Papua New Guinea (PNG). The relationship between these two neighbouring countries has recently been presented as a new, mutually beneficial economic partnership, a supposed shift away from the traditional aid-donor relationship. This shift has taken place despite a range of conditionalities imposed on PNG development assistance that favour Australian interests. These initiatives include logistical and financial support for the extractives industry, or land reform programs that erode customary land tenure systems in favour of large scale foreign direct investment projects, such as logging and palm oil plantations.

For Australia to work with PNG as a sovereign and equal partner would require operating on the basis that PNG, not Australia, is in control of its own development future. This may mean pursuing objectives that are not in Australia's interest. The use of PNG as a tool for Australia in its border protection program, for example, is demonstrative of the ongoing power disparity in the relationship. The use of aid as a bargaining chip to strike such deals is evidence of the coercion that undermines PNG's ability to make its own development decisions.

## Overview

In June 2014, Australian Foreign Minister Julie Bishop unveiled what she called a 'new paradigm of development.' This aid policy package was anticipated since the election of the new conservative government. The policy signals a dramatic shift in name only. It follows Australia's well-worn ideological trajectory of pursuing economic growth as a pathway for poverty alleviation. This has led to subsequent policy announcements that privilege the role of the private sector, Australian companies, and aid-for-trade policies. The most significant shift relates to the ongoing tension between two key objectives of aid delivery: Australia's national interest and global poverty reduction. The amalgamation of the executive aid agency AusAID into the Department of Foreign Affairs and Trade (DFAT) indicates the new government's intention to more clearly align aid delivery with Australia's

commercial interests, leaving little scope for poverty reduction objectives that do not align with the national interest. The transition from the language of aid relationships to that of economic partnerships reflects this shift.

In a similar vein, Australia's relationship with PNG is being rebranded as new. Bishop revealed, during an address about her aid policy, "a new partnership, an economic partnership with PNG that we have not been able to achieve in the past."<sup>1</sup> This statement followed announcements that the Minister was "troubled by the lack of progress in PNG." The Minister asserted that a paradigm shift was necessary to "unlock potential"<sup>2</sup> in order to achieve the Millennium Development Goals (MDGs). However, the required paradigm shift has not taken place. Instead, a rhetorical repackaging of a substantially similar policy dedicated to economic growth and increasing foreign investment allows the Australian Government to escape a meaningful debate on what has not worked in PNG. And what have not worked are the very things they are now offering as 'new' solutions.

Prompting this alleged change in the aid relationship is Australia's increasing reliance on PNG to carry out its controversial asylum seeker policy. Since 1992, Australia has imposed an internationally notorious policy requiring indefinite detention of all asylum seekers arriving by boat. Australia's two major parties are committed to 'stopping the boats' through the use of protracted mandatory detention. Such detention, and overseas detention arrangements in particular, frequently constitute a denial of asylum seeker rights under international law and may prevent people from seeking refuge. Some of the punitive measures employed include: onshore detention in remote Australian locations or offshore detention overseas; keeping children and pregnant mothers in detention; denying

asylum seekers the right to work; and delaying the process of assessing asylum applications for many years. Medical experts have repeatedly found that the physical and psychological impact of these policies on asylum seekers can be devastating. Thus, Australia's policies have often been challenged in the country's highest court, with some success.

Offshore detention of asylum seekers who arrive in Australian territory has long been one of the most controversial elements of the nation's migration policy. It is indicative of Australian Government efforts to outsource its border protection program. Offshore detention refers to detaining asylum seekers in Australian-run detention centres in countries other than Australia (or in parts of Australia's territory which are legally excised from its migration zone, such as Christmas Island). In what was known as the "Pacific Solution," in 2001 the small Pacific island nation of Nauru and Manus Island of PNG agreed to serve as the location of processing facilities for asylum seekers from Australia. Nauru and PNG received considerable development funding in exchange for their cooperation. Today, both Nauru and Manus Island accommodate over 2,460 of Australia's asylum seekers.<sup>3</sup> All new asylum seeker arrivals are now transported to Manus Island as the Government is in the process of closing its onshore detention facilities.

The Government's commitment to outsourcing migration policy entered a new phase in mid-2013 with the unprecedented Refugee Resettlement Arrangement (RRA) between Australia and PNG. Colloquially known as the "PNG Solution," the RRA will mean that asylum seekers held in PNG detention centres will be resettled in PNG and not in Australia.<sup>4</sup> Again, aid played a key role in shaping the contents of the RRA, with the associated promise of an additional AU\$420 million in aid funding.<sup>5</sup> The RRA was met with

overwhelming community opposition in PNG. Shortly following the RRA announcement, the country's Supreme Court declared that there was scope for a legal challenge of the refugee processing arrangement on constitutional grounds.

This cooptation of PNG into Australia's migration program demonstrates that the idea of an economic partnership between the two countries, in place of a donor-recipient relationship, is a fallacy, misrepresenting the inherently unequal reality of their dealings with each other. Australia continues to derive disproportionate benefits from the relationship but uses the language of collaboration, shared interests and partnership to cloak this fact and to further its national interests.

## **A history of Australia's aid relationship with PNG**

PNG was a colonial territory of Australia until 1975 and has historically received the largest portion of Australia's aid budget. Australia is also PNG's most significant and influential donor with its package of assistance totalling AU\$519 million in 2013/14.<sup>6</sup> This aid does not include additional unspecified assistance as a result of the RRA deal discussed above, or additional investment through Australia's export credit agency Export Finance and Investment Corporation (EFIC). The EFIC recently gave a loan grant of AU\$350 million for the controversial Liquefied Natural Gas (LNG) pipeline<sup>7</sup> as part of Australia's aggressive pursuit of the expansion of PNG's extractives industry, which presents a significant commercial opportunity for Australian companies.

Despite a significant reduction in the overall Australian aid budget in 2014/15, PNG was the only country to receive a sizable increase in aid funding with an additional AU\$54 million over

the previous year.<sup>8</sup> The aid budget continues to be used as a bargaining chip to pressure PNG to accept responsibility for Australia's asylum seekers, and was dubbed by PNG commentators as 'rolling over for the old colonial master.'<sup>9</sup> When the PNG solution was first announced last year, the response to the policy on PNG social media and blogs was overwhelmingly one of anger. People perceived the policy as an expression of Australian neo-colonialist attitudes, and indicative of the bullying behaviour of Australia. As one prominent political blogger, Deni Tokunai, phoned the sentiment, "You're beginning to annoy a number of friends in your backyard by dragging us into your domestic political squawking." Emmanuel Narokobi, also a prolific PNG blogger, says many of his contemporaries are concerned that ordinary Papua New Guineans will one way or other pay dearly for Australia's policy.<sup>10</sup>

As explored by AID/WATCH in previous *Reality of Aid* reports, Australia has worked towards embracing politically expedient aid rhetoric, and has departed from the days of explicit tied aid. However, the blatant use of aid to achieve Australia's border protection goals is both morally dubious and counter-productive to the aid program aim of poverty reduction. Australia's asylum seeker policy will further impoverish, marginalise, and increase the suffering of the very people Official Development Assistance (ODA) should support.

## **Aid and refugees: Overlapping policies**

The overlap of aid and asylum seeker policies contradicts the Organisation for Economic Cooperation and Development (OECD) guidelines on ODA. According to the guidelines, ODA must promote welfare and economic

development. The impact of Australia's migration policy is almost entirely contrary to these aims. The contentious and arguably illegal methods for processing asylum seeker applications, settling refugees, and indeed stopping people from seeking asylum at all are frequently the subject of Australia aid spending. In late 2012, the then Labor Government diverted AU\$375 million of aid funding towards domestic refugee costs. This meant that Australia was the third largest recipient of its own aid budget.<sup>11</sup>

Shortly following this decision, the government announced an AU\$37 million plan to fight people smuggling with Sri Lanka,<sup>12</sup> almost doubling the existing Sri Lankan aid package of approximately AU\$40 million. Australia's collaboration with Sri Lanka, where the governing regime is accused of war crimes, has exposed the Australian Government to considerable international criticism.<sup>13</sup> According to United Nations (UN) reports, as many as 40,000 Tamil civilians died in the last few months of the civil war in 2009, which the Sri Lankan government denies.<sup>14</sup> Australia has been accused of refusing to put pressure on Sri Lanka to submit to UN investigations,<sup>15</sup> and has been criticised for continuing to provide aid to Sri Lanka.<sup>16</sup> Sri Lanka's Tamil National Alliance, which last year won a sweeping victory in northern council elections, accused Australia of acquiescing to Sri Lanka in return for co-operation to stop asylum seekers from Sri Lanka.<sup>17</sup>

In addition to its reliance on countries like PNG and Nauru for the accommodation and resettlement of refugees, Australia is in discussions with Cambodia for a similar arrangement. Under the proposal currently being negotiated, Cambodia would resettle 1000 refugees, in exchange for additional aid funding.<sup>18</sup> Cambodia's health and social service systems are not sufficient to provide the kind of specialised post-traumatic, language, or job-seeking support

that asylum seekers require. Local political tensions mean that Cambodia cannot offer a safe space for resettlement in the same way that Australia is able to do. Local Cambodian civil society has opposed the deal, saying,

“It is irresponsible that a ‘first class economy’ like Australia is shifting its responsibilities and obligations under the Refugee Convention onto a country with a history of serious human rights abuse and little or no resources to support incoming refugees... Cambodia is not a safe place for refugees and the only parties benefiting from this agreement are the Australian government and Cambodian government officials.<sup>19</sup>

Aid has been consistently used as a bargaining chip to further Australian national interests in recipient countries. Migration policy is one of the most troubling and telling examples, illustrative of vast power imbalances.

## **Manus Island: Taking advantage of the voiceless**

Asylum seekers are not the only people to suffer as a result of the so-called PNG Solution.

Manus Island people have not seen much benefit from increased aid spending, as much of this aid has been guaranteed to the PNG capital, Port Moresby. Locals have suffered the indignity of seeing a detention centre erected, wherein asylum seekers enjoy a higher standard of living than the locals themselves. A large floating hotel is used to house, feed and entertain expatriate staff and contractors and has sparked numerous protests by local people.<sup>20</sup> The facility is docked off the Manus Island coast, providing a clear visual divide

between locals who struggle with access to basic amenities and the wealthy expatriates. A huge influx of funds has been provided to finance the punitive incarceration of asylum seekers, while access to basic government services for local people remains minimal.

The detention centre itself is plagued by violence, unrest and rape. In February 2014, a riot resulted in the murder of one asylum seeker and serious injuries to up to one hundred others, including gunshot wounds and gouged eyes. Detention centre staff reportedly joined some local people, attacking asylum seekers in “a frenzy of out-of-control violence.”<sup>21</sup>

PNG citizens are acutely aware that the amount spent on processing refugees offshore in their country is larger than the amount that PNG receives in aid. This has fuelled resentment and a perception that PNG is being taken for a ride. The people of Manus Island have spoken out against their water, gravel, land and resources being used to sustain the detention facility. Similar concerns have been expressed by those on the mainland in response to the decision to resettle Australia’s refugees in PNG. Both asylum seekers and Papua New Guineans are the victims of Australia’s immigration policy, and both have been made into the targets of each other’s frustrations.

Australian security and construction companies have won the contracts to maintain the detention facilities. These companies include Transfield, which receives AU\$61 million per month to run these offshore detention facilities. Many of the jobs at the detention centre are given to Australian workers rather than local Manus Island residents. Where locals are employed, there are large wage discrepancies between local staff and expatriates, which in turn have led to many protests. G4S’ PNG security workers are paid about \$180 a week

while Australian guards are pocketing \$2,000.<sup>22</sup> There are comparable wage discrepancies in other sectors such as construction and cleaning. Manus Island’s national parliamentarian Ron Knight said, “[w]e don’t want any more Australian companies here — we call them carpet baggers. This is Boomerang aid and Manus will lose out again.”<sup>23</sup>

## **Aiding or eroding governance?**

Australia frequently intervenes in PNG’s legal and political processes, putting into question the quality and independence of PNG governance, particularly in the judicial and executive branches.

Following the detention centre riot in February 2014, Australian Immigration Minister Scott Morrison supported the PNG Government in quashing an independent inquiry into the circumstances.<sup>24</sup> An Australian Senate inquiry into the same matter found inconsistencies in the centre’s governance arrangements. On paper, the PNG Immigration Department administers the detention centre.<sup>25</sup> In practice, the Australian Immigration Department runs the centre, alongside the private security firm, G4S.<sup>26</sup>

In 2013, PNG opposition leader Belden Namah asserted that the RRA contradicts PNG’s constitution because it allows Australia to force asylum seekers into PNG; moreover, it requires the PNG Government to deprive asylum seekers of their liberty.<sup>27</sup> In February 2014, PNG’s Supreme Court ruled that Namah has legal standing to challenge the constitutionality of the arrangement.<sup>28</sup> Australia is funding the defence of this constitutional challenge. This intervention is demonstrative of the nature of the PNG-Australia relationship, one that Australia calls a “partnership,” and indicates the lengths to which Australia will go to defend its national interest.

## Who frames aid relationships?

### Ongoing donor hegemony

Australia frames its relationship with PNG as new, equal and mutually beneficial.<sup>29</sup> As the donor nation, Australia is largely in control of how the relationship is publicly presented. This is also the case with the aid policy in PNG. Australia frames the policy of pursuing economic growth through private sector development as a new method for reducing poverty. This is in fact not a new approach to aid for Australia or other donors. It is the old approach, simply repolished. While there may be a degree of overlap in the aims of the two governments, Australia is undermining PNG governance, pursuing its own national interests with the promise of more aid funding.

The use of language here is important for the development discourse, allowing terms of “equality” and “mutual benefit” to obscure these unequal relationships. The power of language was also acknowledged by the Foreign Minister who said, “Even the language makes a difference – get away from these old stereotypes of ‘we are the donor, you are the recipient – this is the way we are going to do it.’”<sup>30</sup>

### Conclusion

Despite an alleged shift from traditional aid relationships to equal partnerships, historical power imbalances persist. Structural inequality is a distinct feature of aid relationships that needs to be taken into account by policy makers. They must look beyond the rhetoric of changing relationships to the concrete ways to account for and encourage real change.

The example of Australian migration policy and the “PNG Solution” demonstrates how the sovereignty of beneficiary countries can be

undermined when the foreign policy interests of their donors are paramount in aid delivery. The Paris Declaration, as well as the subsequent Accra Agenda for Action and the Busan Partnership, has not resulted in a change in the delivery of Australian aid in this regard. National ownership over development policies is not yet enjoyed by PNG in its relationship with Australia. Key critics within PNG’s civil society call for totally severing the PNG–Australia aid relationship, arguing that aid dependence undermines the strengthening of the public sector and civil society.

Repackaging aid relationships as “equal” allows donor countries to pursue their national and commercial objectives, while obscuring the power disparities between themselves and aid recipients. It can also be a way of falsely showing that the prominent model of neoliberal development has worked. Poorer countries have been granted the status of “economic partner,” even as millions continue to be disadvantaged. Beyond the rhetoric, the playing field remains unequal and neo-colonialism prevails.

### Endnotes

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## Chapter 1: Principles and practices of partnerships

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