

# "Rudd's Way": — The ALP in Government and its policies toward the South Pacific

*A Refereed Paper for the Third  
Oceanic Conference on International Studies (OCIS)  
University of Queensland, 2-4 July 2008*

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## **Abstract**

As Opposition Leader Kevin Rudd made critical statements on the approach of the Howard government to the Pacific Islands. He called for a new approach from Australia, particularly toward the Melanesian states of Papua New Guinea, Solomon Islands and Fiji. Now as Prime Minister Kevin Rudd has the opportunity to put the rhetoric into practice. There is certainly a more positive story about the Pacific being articulated by the Australian government, and this is being well received in the Pacific Islands. There has been a flurry of activity and much talk of "Pacific Development Partnerships", "mutual respect" and a "new era of engagement". The image of a bullying Australia has been to some extent laid to rest as the new dialogues seek to treat these countries with respect, but the key differences appear to be of style rather than substance. Pacific development, it seems, can only come through regional free trade, market liberalisation, increased privatisation and competition. This reification of market forces continues a commitment to neo-liberal modernisation where competition creates wealth and reduces poverty, however under the ALP this is presented as a fundamental policy shift. This paper uses speeches and other statements by government members, as well as the May 2008 budget papers, to argue that Rudd's Way, at least so far, is not so different to Howard's Way.

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The author acknowledges the constructive comments of Professor Edward P. Wolfers, School of History and Politics, University of Wollongong, on an earlier draft of this paper. Thanks also to the Faculty of Arts Research Committee for its financial contribution toward costs associated with attending the OCIS conference.

## Introduction

The Pacific region is characterised by asymmetries of power involving both former and current colonial powers, as well as between the independent Island states themselves. In this diverse region Australia's main strategic interests lies in securing the prosperity of the South West Pacific and the independent states of Melanesia: Papua New Guinea (PNG), Solomon Islands, Vanuatu and Fiji. Since decolonisation the independent Pacific states have generally struggled to provide basic services for their populations, which has meant that the developed countries of the region, Australia and New Zealand, have been the main aid donors. They also provide funding for the principal regional organization, the Pacific Islands Forum.<sup>1</sup>

Aid, in its myriad forms, is the cornerstone of Australia's engagement with the Pacific Islands. As the West adopted neoliberalism as its organising principle, global aid rhetoric adopted the mantra that good governance reduces poverty. From the late 1980s donor concerns over aid effectiveness and misuse of funds led to increased emphasis on the sector broadly defined as 'governance', and by 2006-2007, one third of the overall Australian Agency for International Development (AusAID) budget went to support governance programs.<sup>2</sup> Over 80% of Australian aid is made up of grants tied to specific projects,<sup>3</sup> which is higher than the OECD average.<sup>4</sup> It also uses mostly Australian companies and consultants to achieve its aims.<sup>5</sup> With the aid system now linked to private sector key performance indicators of service delivery, the Australian aid bureaucracy understandably mimics the language of inputs, outcomes and accountability. This has meant that as the logic of neoliberalism permeated the aid bureaucracy, the screws began to tighten on the governments of the Pacific Islands. Allegations of corruption and mismanagement have thus come to dominate Australia's relationships with its Pacific neighbours.

The new Rudd government claims to place the Pacific at the "front and centre" of Labor's thinking,<sup>6</sup> and in the six months since the election of the Australian

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<sup>1</sup> The Pacific Islands Forum (PIF) began life as the South Pacific Forum (SPF) in 1971. The name change occurred in October 2000. See Pacific Islands Forum Communiqué (2000): 1. <http://www.forumsec.org.fj/pages.cfm/documents/> [visited 5 May 2008].

<sup>2</sup> Susan M. Roberts, Sarah Wright and Philip O'Neill, 'Good governance in the Pacific? Ambivalence and possibility', *Geoforum* 38 (2007): 972.

[http://www.sciencedirect.com/science?\\_ob=ArticleURL&\\_udi=B6V68-4P2B448-1&\\_user=202616&\\_rdoc=1&\\_fmt=&\\_orig=search&\\_sort=d&view=c&\\_acct=C000014118&\\_version=1&\\_urlVersion=0&\\_userid=202616&md5=492e231933103656d4899d157e4ad022](http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6V68-4P2B448-1&_user=202616&_rdoc=1&_fmt=&_orig=search&_sort=d&view=c&_acct=C000014118&_version=1&_urlVersion=0&_userid=202616&md5=492e231933103656d4899d157e4ad022) [visited 9 May]

<sup>3</sup> Grants are defined as "transfers, in money or in kind, for which no repayment is required." Australian grant aid as a proportion of total ODA has averaged 82.5% between 2003-2007. Australia — [http://stats.oecd.org/wbos/Index.aspx?DatasetCode=ODA\\_DONOR](http://stats.oecd.org/wbos/Index.aspx?DatasetCode=ODA_DONOR) [visited 8 May]

<sup>4</sup> The OECD average in the same period is 73.8%. DAC Countries total — [http://stats.oecd.org/wbos/Index.aspx?DatasetCode=ODA\\_DONOR](http://stats.oecd.org/wbos/Index.aspx?DatasetCode=ODA_DONOR) [visited 8 May]

<sup>5</sup> Cynthia Banham, 'Aid dollars flowing to Australian companies', *Sydney Morning Herald*, February 21, 2006. DFAT spokesman Derek Rooker-Smith estimated that between 80-90% of Australian aid dollars went to Australian firms. The large proportion of aid dollars returning to Australia has been described in PNG as "boomerang aid", although this is perhaps not completely accurate as much of the money never leaves in the first place.

<sup>6</sup> The Hon Duncan Kerr SC MP, Parliamentary Secretary for Pacific Island Affairs, *Speech at the Australian Strategic Policy Institute (ASPI), Defence and Security Luncheon*, Boathouse Restaurant

Labor Party to government in Australia there has been a flurry of Ministerial activity, media releases and interviews, visits to the Pacific and speeches about Labor's "new approach" to the Pacific. But just what are the foundations of this new approach, and what, if anything, is new about it? After first exploring Australia's relations with Pacific Islands countries under the Howard governments, this article examines the practicalities of the new attempt at engagement. It presents an analysis of continuities and differences in Australian foreign policy toward the Pacific, but concludes that the essential newness of policy is more in style rather than substance.

## Howard's Way

During the last years of the Keating government Gordon Bilney was appointed as Minister for the Pacific Islands and Development Assistance. Under the Howard government that post was abolished. The Pacific was an area of responsibility for the Foreign Minister, the logic being that a senior Minister should represent Australia's interests.<sup>7</sup> The consequences of this action appeared to be that the Howard government gave little attention to a Pacific they later sought to control until too late. Over the four John Howard governments (1996-2007) concern grew about the Pacific and its problems, yet it remained marginal in government thinking before 2003. Internationally the central features of the Howard government's "big picture" were the twin foci of the alliance with the United States and global free trade, especially with Asia. The only Foreign Minister for Howard governments was Alexander Downer, who often visited the Pacific region. Australia provided consistent financial and logistical support to resolve the conflict on Bougainville, especially after the Sandline crisis of 1997.<sup>8</sup> Utilising the Biketawa declaration of the PIF, which provided the machinery for the operational legislation to deploy military and police forces to states requiring assistance, Australia took the lead role in the Regional Assistance Mission to Solomon Islands (RAMSI) from July 2003. This was, however, only after several earlier requests for intervention and assistance from Solomon Islands Prime Ministers dating back to 2000 were not acted upon. Concern over the relationship between forms of government and stability, both in colonies and in newly independent states, had been expressed well before the 1990s,<sup>9</sup> but during that decade the discourse surrounding so-called "failed states" came to dominate much of the academic literature. For the Pacific region also this was a re-labelling of old concerns, and Hank Nelson dates the discussion of capability in the

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Canberra, 17 April 2008, p. 7; [www.foreignminister.gov.au/parlsec/speeches/2008/080417\\_aspi.html](http://www.foreignminister.gov.au/parlsec/speeches/2008/080417_aspi.html) [visited 2 May 2008]

<sup>7</sup> Anthony R. Regan and Ron J. May, 'Reassessing Australia's Role in Papua New Guinea and the Island Pacific', in ed. James Cotton and John Ravenhill, *The National Interest in a Global Era: Australia in World Affairs 1996-2000* (South Melbourne: Oxford University Press/Australian Institute for International Affairs, 2001), 150.

<sup>8</sup> AusAID, 'Australian Aid to Bougainville', <http://www.ausaid.gov.au/country/png/bougainville.cfm> [visited 6 May 2008]. Over \$200 million has been contributed since 1997 to supporting the peace process and to the reconstruction of infrastructure on the island.

<sup>9</sup> See for example Lord (Frederick) Lugard, *The Dual Mandate in British Tropical Africa*, [1926], 5th ed. (London: Cass, 1965); Lord (William Malcolm) Hailey, *An African Survey Revised 1956: A study of problems arising in Africa south of the Sahara*, (London: Oxford University Press, 1968); James M. Lee, *Colonial Development and Good Government*, (London: Oxford University Press, 1967); and Bernard Schaffer, 'The Concept of Preparation', *World Politics*, XVII, no. 1, (1965): 42-67.

Pacific states back to the early 1960s.<sup>10</sup> Since decolonisation the Pacific countries had been provided with aid, but had been left to survive as best it could, and had been allowed to run their own affairs. In the new century the 11 September 2001 attacks on the United States led to a departure for the established principle of non-intervention to a view where pre-emptive action could be a strategy for the restoration of law and order in states suffering from internal problems. Globally, the aims of regional security and stability became couched in the language of preventing the new threats of non-state actors such as terrorists and transnational organised crime, and it has not yet emerged. In Australia, the government-funded Australian Strategic Policy Institute issued a report shortly before the RAMSI intervention that raised concerns Solomon Islands would soon become a hot bed for transnational organised crime.<sup>11</sup>

The belated various military and police deployments to East Timor/Timor Leste from 1999, the mid-2003 RAMSI deployment to Solomon Islands and the late-2003 Enhanced Cooperation Program with PNG raised the prospect of Australian military and police forces being deployed across the immediate region for an indefinite period, which is worrying because James Payne has argued that "the dirty little secret of nation building is that *no one knows how to do it*".<sup>12</sup> The creation of the International Deployment Group was an immediate response to the manpower problem in police numbers,<sup>13</sup> and in 2007 the Australian Army announced it is aiming to form two new battalions as it too is stretched in its capacities.<sup>14</sup> But state building is complex and timelines and exit strategies imperfect. If failure is contested, so is success: when has enough been done to justify a withdrawal of police and advisers?

Long before 2003, however, difficulties had begun to emerge in relations between Australia and some Pacific states. A Senate Committee in that year noted that John Howard's sporadic attendance at Pacific Islands Forum Meetings since 1996 (he had attended three of six to that point) sent the wrong message and could be interpreted as a "direct insult" in a region where appearance and status matter greatly.<sup>15</sup> Early in the Howard government the

<sup>10</sup> Hank Nelson, 'Governments, States and Labels', *State Society and Governance in Melanesia Discussion Paper 2006/1*, Research School of Pacific and Asian Studies, Australian National University. [http://rspas.anu.edu.au/papers/melanesia/discussion\\_papers/06\\_01\\_dp\\_nelson.pdf](http://rspas.anu.edu.au/papers/melanesia/discussion_papers/06_01_dp_nelson.pdf) [visited 25 October 2007]

<sup>11</sup> Elsinia Wainwright, 'Our Failing Neighbour: Australia and the future of Solomon Islands', *ASPI Policy Report*, (Canberra: Australian Strategic Policy Institute, 2003), 16. For a similar prognosis concerning PNG see Susan Windybank and Mike Manning, 'Papua New Guinea on the Brink', *Issues Analysis* No. 30, (Sydney: Centre for Independent Studies, 2003).

<sup>12</sup> Cited in Andrew Goldsmith and Sinclair Dinnen. 2007. 'Transnational Police Building: critical lessons from Timor Leste and Solomon Islands', *Third World Quarterly*, 28, No. 6: 1095. Emphasis in original.

<sup>13</sup> Charles Hawksley, "The enhanced cooperation between Australia and PNG: 'The intervention you have when you're not having an intervention'?" (Refereed paper for the Oceanic Conference on International Studies, Australian National University, 14-16 July 2004): 12.

<http://rspas.anu.edu.au/ir/Oceanic/OCIS Papers/index.html> The IDG was established in Feb 2004 with 500 personnel but has since been augmented to 1000. The length of time for which personnel may be deployed overseas has led to the IDG also being referred to as the "International Divorce Group".

<sup>14</sup> *Defence Direct*, September 2006, 'Two More Army Battalions', Department of Defence. [www.minister.defence.gov.au/defencedirect/sept2006/September.htm](http://www.minister.defence.gov.au/defencedirect/sept2006/September.htm) [visited 10 December 2007]

<sup>15</sup> Senate Foreign Affairs, Defence and Trade Committee, *A Pacific Engaged: Australia's relations with Papua New Guinea and the Island States of the Southwest Pacific*, (Canberra: Parliament of Australia: 12 August 2003), 159-160.

impression had been formed that the Pacific states were a burden, but one with which Australia had to live. Relations were sorely tested in July 1997 when Pacific economic ministers met in Cairns. A Reuters reporter picked up a confidential Australian report intended for the Treasurer Peter Costello and Foreign Minister Downer, left on a table outside a conference room. The dossier named specific Pacific Islands politicians and was highly critical of their personal qualities, alleged corruption and nepotism.<sup>16</sup> Acting Opposition Leader Gareth Evans claimed this was something of a record, as 15 countries had been offended in one go.<sup>17</sup>

Over time Australia has developed a view that it has a "special responsibility" for the Pacific region.<sup>18</sup> The previously unthinkable issue of long-term strategic engagement with Pacific states was not only canvassed but, through RAMSI, broadened. State building operated within the framework of a "whole of government approach", one that commenced with law and order, but which also aimed to develop civil society and strengthen governance and institutions. RAMSI is now approaching its fifth year and has not always been welcome. The government of Manasseh Sogovare (April 2006-Dec 2007) took a contrary position to RAMSI and frequently threatened to order its staff to withdraw. His position was related to what he perceived as Australia's hounding of his friend and choice for Attorney General, Julian Moti, an Australian citizen, who had a warrant issued for his arrest in relation to allegations of sexual intercourse with a minor in Vanuatu in 1997. In 2006 Moti fled to PNG where Australian authorities sought his extradition. He was then ushered out of PNG in a PNG Defence Force plane, and returned to Solomon Islands. It is curious however that the AFP's pursuit of Moti came to dominate relations at this time, especially given that Moti had been in and out of Australia between 1997 and 2006 in his capacity as Adjunct Professor of Law at Bond University,<sup>19</sup> and presumably could have been detained and charged in Australia.

The Moti affair affected relations with both Solomon Islands and PNG, where Prime Minister Sir Michel Somare, still smarting from his treatment at the hands of Australian customs officers in 2005, who forced him to remove his shoes,<sup>20</sup> was then accused of conspiring to have Moti evade Australian law. The PNG-Australia relationship fell to its worst point since independence as even ministerial visits were cancelled. This was indeed the last straw in a sometimes-difficult relationship that had become decidedly testy since mid-

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<sup>16</sup> Craig Skehan, 'Australia Scorns Pacific', *Sydney Morning Herald*, July 19, 1997. The 93-page brief brought Vanuatu, PNG and Solomon Islands together under the subheading "Melanesian mayhem", while Nauru and Cook Islands were called "the worst of the heap".

<sup>17</sup> Fia Cummings, 'Daddy of All Blunders says Evans', *Sun Herald*, July 20, 1997. Downer said the brief did "not reflect the government's view".

<sup>18</sup> And this may stem from the Radford-Collins Agreement of March 1951 that divided the Indian and Pacific Oceans into sectors for the purpose of protecting maritime trade and ensuring maritime reconnaissance. The South Pacific became the shared responsibility of Royal Australian Navy, the Royal New Zealand Navy and the Royal Navy. Sea Power Centre, 'The History Of The Radford-Collins Agreement', *Semaphore*, November 2007, [http://www.navy.gov.au/spc/semaphore/2007\\_15.pdf](http://www.navy.gov.au/spc/semaphore/2007_15.pdf). [visited 3 March 2008]

<sup>19</sup> Janet Fife Yeomans, 'Intrigue under coconut tree', *Daily Telegraph*, September 15, 2006. <http://www.news.com.au/dailytelegraph/opinion/story/0,22049,20415696-5001031,00.html>

<sup>20</sup> Shane McLeod, *ABC AM*, 'Shoe incident sees Australia, PNG relations sour', 8 April 2005 <http://www.abc.net.au/am/content/2005/s1340930.htm> (visited 27 April 2008)

2003 when the Enhanced Cooperation Program (ECP), had been introduced, with threats to cut off all aid unless it was accepted.<sup>21</sup> The ECP was intended as a "RAMSI-lite", for a country with ten times the population of Solomon Islands, supposedly on the brink of collapse. It ended up being "RAMSI-extra lite" when in 2005 the PNG Supreme Court found as unconstitutional the provisions concerning immunity for 220 strong Australian Federal Police (AFP)<sup>22</sup> who were to serve alongside PNG police as "in-line officers". This left the ECP with 44 advisers during 2005-06 who continued to work within PNG government agencies as part of desire to strengthen governance and institutions in treasury, finance, planning, transport, customs and law and justice.<sup>23</sup>

Despite all of these diplomatic difficulties it was actually not what the Howard government aimed to do through its planned aid programs to Pacific Islands states that raised the hackles of Pacific leaders. More often than not it was the perception that Australia was pushing to get its own way and not treating Pacific governments as fully sovereign states. The push for an Australian to head up the Pacific Islands Forum as Secretary General from 2003 was successful, but largely due to the qualities of Greg Urwin himself who was widely respected across the Pacific, but it was also evidence that Australia wanted to direct events more closely. While it was certainly taking an increased interest in Pacific Affairs it was frequently seen as a throwing its weight around. In December 2006 Fiji's military found itself on the wrong end of the Howard government's rhetoric for its seizure of power as Downer claimed Commodore Bainimarama was a bully, while the Fijian leader warned Australia to stay out of Fijian affairs and accused Downer of inciting violence.<sup>24</sup> By late 2006 Australia had strained political relations with the Melanesian neighbours most crucial to its regional security, and new opposition leader Kevin Rudd went on the attack.

### **The ALP in Opposition: Policy Development**

Under Opposition leaders Kim Beazley (1996-Nov 2001), Simon Crean (November 2001-December 2003), Mark Latham (December 03- January 05) and again Kim Beazley (Jan 05- Dec 06) the Pacific had been in mind mostly due to the so-called "Pacific Solution" where asylum seekers coming to Australia were placed in detention camps on Nauru and Manus Island (PNG).<sup>25</sup> Labor's interest in the region rose from 2004 with the appointment of

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<sup>21</sup> C. Hawksley, 'The Intervention you have when you're not having an intervention', *Social Alternatives*, 24, no. 3 (2005): 35. At the time the ECP was described by Downer as a "new era" of bilateral relations, the same term being now today by the ALP.

<sup>22</sup> Which includes police from state forces seconded to the AFP's IDG.

<sup>23</sup> Joint Standing Committee on Foreign Affairs and Trade, *Australia's Aid Program in the Pacific*, Parliament of the Commonwealth of Australia, September 2007, 13.

<sup>24</sup> AAP, 'Fiji coup leader is a bully, says Downer', <http://www.theage.com.au/news/World/Fiji-coup-leader-is-a-bully-says-Downer/2006/12/12/1165685657891.html> (visited 10 May 2008)

The main reason given for declaration of the state of emergency in Fiji was a move by the government of Laisenia Qarase to grant amnesty to the coup plotters of 2000.

<sup>25</sup> The "Pacific Solution" was effectively abolished in February 2008. Senator Chris Evans, Minister for Immigration and Citizenship, *Media Release*, 'Last Refugees Leave Nauru', February 8, 2008. <http://www.minister.immi.gov.au/media/media-releases/2008/ce08014.htm> (visited 12 February 2008)

Bob Sercombe as Shadow Minister for Pacific Islands Affairs, even though there was no corresponding government position.<sup>26</sup> On assuming leadership of the ALP after the October 2006 leadership ballot, the former diplomat Kevin Rudd busily argued a foreign policy approach with some differences to the Howard government. Both the ALP and the Coalition supported the US alliance, but Labor differed on Iraq and pledged to bring the troops back. Which troops and when was left for later, but the policy line was that the national interests of Australia were in "the region", which included Afghanistan, but that Australia needed to determine its own policies and deployments.

In a doorstep interview shortly after becoming Opposition leader, Kevin Rudd and Bob Sercombe spoke of the cumulative problem created by Howard and Downer's Pacific policies. They argued that the so-called "arc of instability" had now become a reality: relations with PNG had bottomed out; the Solomons government was threatening to expel RAMSI and there was a likely coup d'état emerging in Fiji. In true Kevin Rudd pre-election style, he gave a statement in which he asked, and then answered, his own questions:

Is the Howard government responsible for every element of instability in the region? Of course not. That is not the point. What I am deeply concerned about, and what Bob Sercombe is concerned about, is what is the long term trend here? And what we see is Australia beginning to lose its strategic place within this region. When we have got such a fracturing of our bi-lateral relationships where does this end up in the long term? And I am concerned with all of that, as to who then steps in to fill any strategic vacuum that is left by Australia.<sup>27</sup>

Rudd's query raised the spectre of outside powers affecting the Pacific, and a recent work by Ron Crocombe makes a forceful argument that in the Pacific the West collectively is being gradually displaced and replaced by Asian nations. Crocombe argues there are a number of candidates to fill the apparent vacuum, particularly Japan, coastal China, Taiwan, South Korea,

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The ALP supported RAMSI but were critical of what they saw as a general mishandling of Pacific affairs, however the main foreign policy issues from 2002 emerged as committing troops to Iraq and, much later, the government's knowledge of the activities of the Australian Wheat Board in Iraq.

<sup>26</sup> Sercombe's portfolio was later broadened to include Overseas Aid. Sercombe wrote the ALP Discussion Paper *Towards a Pacific Community* in 2005 calling for a common market, a Pacific Court, and a Pacific Peace and Security Centre. The last of these initiatives was announced in the 2008-09 budget as a \$5.1 million project over four years, although the money comes from existing Defence funds and is not a new provision. To be known as the Asia Pacific Centre for Civil Military Cooperation, it will be located in Queanbeyan, a part of the bellwether marginal Eden-Monaro, now held by star ALP recruit and Parliamentary Secretary for Defence, Col Mike Kelly. See Defence Election commitments, <http://www.aph.gov.au/budget/2008-09/content/bp2/html/expense-07.htm> [viewed 15 May 2008]. Bob Sercombe had argued for a higher level of regional interaction between Australia and the Pacific. A condensed version of his discussion paper appeared as Bob Sercombe and Dave Peebles, 'Towards a Pacific Community', *Pacific Economic Bulletin*, 20, no. 3 (2005): 130-140. In hindsight it appears Sercombe is responsible for much of the design of the current policy approach and while his contribution has not been entirely omitted by his ALP colleagues, neither has it been specifically highlighted. Bob Sercombe did not contest ALP pre-selection in his fairly safe Victorian seat of Maribyrnong as the then Secretary of the Australian Worker's Union, Bill Shorten, challenged and had the numbers to win.

<sup>27</sup> Kevin Rudd (and Bob Sercombe), *Doorstop Interview*, 'Fiji, PNG, Solomon Islands, Iraq', Parliament House, Canberra 2 November 2006, ALP website, [www.alp.org.au/media/1106/dsifaisoapacitra020.php](http://www.alp.org.au/media/1106/dsifaisoapacitra020.php) [viewed 8 May 2008]

Malaysia, Indonesia and India.<sup>28</sup> This stems largely from the fact that there is substantial Asian investment to the Pacific over the past 30 years, as well as increased trade, migration and tourism. There is increased activity also in banking, mining, forestry, and fishing. It adds up to greater diplomatic leverage, more aid by Asian states into the Pacific aid and a rising strategic influence. If Crocombe is right and Asia, rather than Western powers, will increasingly provide the cultural, economic and political influences that affect the Pacific Islands, then Australia has its work cut out to even maintain its current relevance.

Against this backdrop we can see the primary reason for Australia's concern and much lauded new approach is the fear of becoming irrelevant in a region understood by its allies, particularly the USA and the UK, and by itself, as an area of special strategic responsibility. Fear of losing influence forms the basis of the new Pacific engagement, but it matches in with the broader framework of ensuring Australian security, and that of the immediate region in the so-called "Arc of Instability" that stretches from East Timor across Melanesia to Fiji and Tonga. For the Rudd government there is a multi-pronged strategy to arrest this decline through a greater diplomatic effort and the promise of more aid to tackle climate change, rising ocean levels, institution building and poverty alleviation.

### **The ALP in government: Rudd's Way**

The new ALP policy approach comes with different faces, but the Rudd government has essentially reverted in some way to the Keating model where outer cabinet Ministers have day-to-day responsibility for Pacific affairs and keep watch over the area while the PM and Foreign Minister do the big announcements. Kevin Rudd has entrusted much of the travelling and discussion to two long serving Labor figures. The new Parliamentary Secretary for Pacific Islands Affairs, Duncan Kerr, the member for Dennison (Tas) since 1987, was once the Dean of Law at University of Papua New Guinea. Kerr is perhaps the only person in the Federal Parliament with any experience of life in PNG, a factor he blames on a general lack of interest in the region since PNG became independent in 1975.<sup>29</sup> In his task of presenting a new Australian policy face to the Pacific, Kerr is joined by the senior ALP strategist and ACT Senator Bob McMullan, now Parliamentary Secretary for International Development Assistance. Theoretically both come under new Foreign Minister Stephen Smith, who admitted to being surprised to receive the portfolio, but also delighted.<sup>30</sup> Behind all of them of course lurks the former diplomat Kevin Rudd, who has made it a cornerstone of ALP Policy to ensure the "new era" in Pacific relations, which itself forms part of Labor's wider plan

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<sup>28</sup> Ron Crocombe, *Asia in the Pacific Islands: Replacing the West*, (Suva: IPS Publications, University of the South Pacific, 2007), 5-14.

<sup>29</sup> Duncan Kerr *Speech at the Australian Strategic Policy Institute (ASPI)*, see note 6.

<sup>30</sup> *ABC Lateline*, Tony Jones talks with Foreign Affairs Minister Stephen Smith, February 4 2008. <http://www.abc.net.au/lateline/content/2007/s2154308.htm> [viewed 10 February 2008]. Smith was surprised presumably because his previous Shadow Ministry was Education and his exposure to Foreign Affairs has been to that point fairly limited, but there were few candidates. Two months before the election Shadow Foreign Minister Robert McLennan made some comments critical of the death penalty in Indonesia and was quickly silenced by Kevin Rudd.

to reposition Australia in international affairs. In his first interview Smith outlined the three pillars of the ALP international vision as (1) support for the US alliance; (2) engagement with multilateral forums, particularly the UN; and (3) engagement with the Asia Pacific. None of these is substantively different from the priorities of the Howard government, so it is a matter of degrees. Australia never disengaged from the UN completely but "bandwaggoned" with the US more than some other states would have liked. The Rudd Labor government plans to convince the international community that Australia is no longer a lackey of the US and can play a trusted role in international affairs. This is linked to the announced bid for the vacancy on the UN Security Council in 2013 and has been described as "active, constructive middle power diplomacy", something that New Zealand has been doing well for over 20 years. A Rudd government would need to hit the ground running if it were to convince the world it was indeed different, and this is where convincing the Pacific that change has happened has become vital.

In its first official act after being sworn in as Australian PM on 3 December 2007, the Rudd government ratified the Kyoto Protocol.<sup>31</sup> Rudd then attended part of the Bali conference, where 190 governments and their trade, finance and environment ministers had been invited to participate in 11 days (3-14 December) of discussions under the UN Framework Convention on Climate Change (UNFCCC).<sup>32</sup> While in Bali, PM Rudd met with PNG Prime Minister, Sir Michael Somare, who invited him to visit PNG during 2008. December also saw a thawing of relations with Solomon Islands due to the change of government there. In October 2007 a political standoff had ensued when eight government Ministers resigned. Six weeks of legal wrangling followed that came to a head when the parliament passed a no confidence motion in Prime Minister Manasseh Sogovare. New PM Dr Derek Sikua is a supporter of RAMSI, and shortly after taking office sacked Julian Moti from the Attorney General's Office and deported him to Australia,<sup>33</sup> where he was arrested by police and charged on 27 December.<sup>34</sup> Rudd met Sikua in Canberra on 23 January 2008, praising him for an "ambitious agenda of domestic reform", and accepting an invitation to visit Solomon Islands later in the year. Relations with two important Melanesian neighbours were improving, and the Prime Ministerial visits followed soon after.

Kevin Rudd visited PNG and Solomon Islands in March. In PNG he promised an overall increase of \$25 million in the 2008-09 budget year. Other commitments will come later, including \$13 million for NGOs working with people affected with HIV/AIDS, \$25 for repairing the Highlands Highway that runs between Lae and Mt Hagen, and \$260,000 for Rugby league equipment

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<sup>31</sup> AAP, 'Australia ratifies Kyoto Protocol', *Sydney Morning Herald*, December 3, 2007, [www.smh.com.au/news/environment/rudd-signs-kyoto-deal/2007/12/03/1196530553203.html](http://www.smh.com.au/news/environment/rudd-signs-kyoto-deal/2007/12/03/1196530553203.html) [viewed 10 May 2008].

<sup>32</sup> AAP, 'Climate Change conference opens in Bali', *Sydney Morning Herald*, December 3, 2007, [www.smh.com.au/news/environment/climate-change-conference-opens-in-bali/2007/12/03/1196530538611.html](http://www.smh.com.au/news/environment/climate-change-conference-opens-in-bali/2007/12/03/1196530538611.html) [viewed 10 May 2008].

<sup>33</sup> ABC, *Sunday Profile*, 9 May 2008, Solomon Islands PM, <http://www.abc.net.au/sundayprofile/> [viewed 12 May 2008].

<sup>34</sup> Michael McKenna, 'Wanted lawyer Julian Moti deported from Solomons to face child sex charges', *The Australian*, December 28, 2007, <http://www.theaustralian.news.com.au/story/0,25197,22978972-16953,00.html> [viewed 10 March 2008].

and an upgrade of facilities at grounds.<sup>35</sup> The next day in Honiara he promised \$60 million over 5 years for health services, \$1.5 million for the construction of earthquake and tsunami shelters and \$3 million for repairing and maintaining rural roads. More aid money is set to come in the future, including \$10 million for infrastructure development, health, reforestation and technical education in 2009-2010.<sup>36</sup>

Stephen Smith has also been active in the area, travelling to Solomon Islands for a PIF Steering Committee meeting to discuss RAMSI on 21-22 February, and leading the Australian delegation at the 18th PNG-Australia Ministerial Forum held in Madang on 23 April 2008, the first Ministerial Forum since 2005. The Australian side included five Cabinet Ministers and four members of the outer ministry.<sup>37</sup> At this meeting there was discussion of continuing the ECP, now to be known as the *Strongim Gavman Program* (Strengthen the Government Program), with greater consultation with PNG as to how the program is operating. The revamped ECP will focus on the same areas of law and justice, economic and public sector reform, transport and border security, but will now be fully integrated into AusAID, which seems to suggest it is now counted in the overall aid budget to PNG and will not be a separate item. Police cooperation will also be reinvigorated so that the Royal PNG Constabulary (RPNGC) and the AFP exchange information, particularly on issues such as people-smuggling, drug trafficking and terrorist activity.<sup>38</sup>

PNG foreign Minister Sam Abal described the meeting as a "rebirth" in bilateral relations, and in a major domestic coup for the Rudd government PNG and Australia signed a Joint Understanding on the Kokoda Track and Owen Stanley Ranges. This puts to rest proposals to do exploratory mining on this 100 km area of PNG that has recently come to be regarded as sacred land by Australians, and the site of personal fitness challenges and character forming treks. The sensitive way in which this was handled by Australia, which consistently stated that the right to conduct testing was PNG's decision, does indicate that the rhetoric of "mutual respect" is in fashion.<sup>39</sup> The result may be worse for landowners, many of whom supported the proposals to explore mining possibilities, but the Joint Understanding commits itself to improving the economic opportunities for communities along the track, and to sustainable development.<sup>40</sup> In Defence, Australia promised \$48 million over 2008-2018 to assist the PNG Defence Force with maritime and border

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<sup>35</sup> Prime Minister of Australia, Media Release, 'Australian Support to PNG', 7 March 2008. [www.pm.gov.au/media/Release/2008/media\\_release\\_0123.cfm](http://www.pm.gov.au/media/Release/2008/media_release_0123.cfm) [viewed 15 April 2008].

<sup>36</sup> Prime Minister of Australia, Media Release, 'Visit to Solomon Islands', 8 March 2008. [www.pm.gov.au/media/Release/2008/media\\_release\\_0124.cfm](http://www.pm.gov.au/media/Release/2008/media_release_0124.cfm) [viewed 15 April 2008].

<sup>37</sup> *Joint Statement 18th PNG Australia Ministerial Forum*, Madang Resort Hotel, Madang, 23 April. PNG sent 14 government ministers led by Sam Abal (Foreign Affairs, Trade and Immigration) and including Ministers for Defence (Bob Dadae), Treasury and Finance (Patrick Pruaitch), and Justice and Attorney General (Allan Marat). The Australian Ministers were Stephen Smith (Foreign Affairs); Simon Crean (Trade); Senator Penny Wong (Minister for Climate Change and Water), Peter Garret (Environment, Heritage and the Arts), and Martin Ferguson (Resources, Energy and Tourism). The four outer Cabinet Ministers were the Minister for Home Affairs Bob Debus and the Parliamentary Secretaries Duncan Kerr (Pacific Affairs), McMullan (International Development Assistance) and Jan Lucas (Health and Aging).

<sup>38</sup> *Joint Statement 18th PNG Australia Ministerial Forum*, 3.

<sup>39</sup> It is worth noting that PNG concluded a Treaty of Mutual respect in 1986 with Indonesia. See E.P. Wolfers ed, *Beyond the Border*, (Waigani: UPNG/Suva: USP, 1988), 177-182.

<sup>40</sup> *Joint Statement 18th PNG Australia Ministerial Forum*, 4.

capability, as well as help in shifting PNGDF troops in and out of Vanimo (West Sepik) and Kiunga (Western province), where they assist with border crossers arriving from Indonesia's Papua province.

But before Rudd and Smith were Duncan Kerr and Bob McMullan the first ALP government figures to venture to the Pacific region for over a decade. They started their Pacific tour in early February 2008 in the Polynesian states of Samoa and Tonga, and then went on to Kiribati in Micronesia. These states were funded in the 2007-8 budget however the choice is interesting as Samoa and Tonga are normally considered as more in New Zealand's sphere of influence.<sup>41</sup> The objective was perhaps to show that Australia had interests across the region, and to talk the language of broader engagement, but then to leave the big media events in Melanesia to the Prime Minister and Foreign Minister. In Samoa in early February 2008 Kerr and McMullan met with the Samoan Cabinet and opened the AusAID funded AUD \$6.3 million Samoa Police Headquarters and Armoury.<sup>42</sup> At the High Commission at Nuku'alofa, Tonga, a few days later they spoke on the proposal to open up Australia's labour market to seasonal workers picking fruit on farms, similar to the New Zealand Recognised Seasonal employer Programme of 5,000 workers from Kiribati, Vanuatu, Solomon Islands, Tonga and Samoa.<sup>43</sup> Australia is examining a trial program but has made no firm commitment. It is likely to take a proposal 2008 PIF in Niue for discussion. Whereas in Australia the electoral emphasis has been on "working families", in the Pacific we may soon be speaking of "working islands", or more specifically "working Islanders".<sup>44</sup>

In keeping with pre-election commitments they flagged an overall increase in Australian aid funding, which by extension would mean more aid to the Pacific.<sup>45</sup> In an interview with the editor of the Tongan magazine *Matangi Tonga*, they were more expansive, and despite elsewhere pronouncing that they were not going to dwell on the mistakes of the previous government Kerr claimed the Howard government had "sat on its hands" over the Solomons, while McMullan noted in passing the absence of a specific government attention to the Pacific for more than a decade.<sup>46</sup> Other topics covered were

<sup>41</sup> New Zealand focuses its energies on its former territory of Samoa, the Kingdom of Tonga and the territories in free association with New Zealand, Cook Islands, Niue and Tokelau.

<sup>42</sup> The Hon Duncan Kerr SC MP, Parliamentary Secretary for Pacific Island Affairs, 1 February 2008, *Speech Notes for the opening of the Samoa Police headquarters and Armoury*, [http://www.foreignminister.gov.au/parlsec/speeches/2008/080201\\_samoa.html](http://www.foreignminister.gov.au/parlsec/speeches/2008/080201_samoa.html) [visited 3 April 2008]. The Hon Duncan Kerr SC MP, Parliamentary Secretary for Pacific Island Affairs, 1 February 2008, *Interview on ABC Radio Australia* (Joanna McCarthy), [http://www.foreignminister.gov.au/parlsec/transcripts/2008/080201\\_ra.htm](http://www.foreignminister.gov.au/parlsec/transcripts/2008/080201_ra.htm) [visited 10 April]

<sup>43</sup> Marc Corcoran, 'Working for the Man', *ABC Foreign Correspondent*, April 15, 2008. See transcript <http://www.abc.net.au/foreign/content/2008/s2218384.htm> [viewed 28 April 2008].

<sup>44</sup> Duncan Kerr *Speech at the Australian Strategic Policy Institute (ASPI)*, see note 6. The National Farmers Federation wants 20,000 workers. See 'Farmers want a trial of Pacific Island harvest labour', *ABC Rural*, 11 April 2008, <http://www.abc.net.au/rural/news/content/200804/s2214058.htm> [viewed 10 May 2008]

<sup>45</sup> The Hon Duncan Kerr SC MP, Parliamentary Secretary for Pacific Island Affairs, 6 February 2008, *Speech Notes for a reception hosted by His Excellency President Anote Tong, President of the Republic of Kiribati*, [http://www.foreignminister.gov.au/parlsec/speeches/2008/080206\\_maneaba.html](http://www.foreignminister.gov.au/parlsec/speeches/2008/080206_maneaba.html) [viewed 5 April 2008].

<sup>46</sup> The Hon Duncan Kerr SC MP, Parliamentary Secretary for Pacific Island Affairs, 5 February 2008, with Hon Bob McMullan, Parliamentary Secretary for International Development Assistance, *Interview*

the importance of having Tongan involvement in whatever training programs Australia may in the future fund through its aid program, and the possibilities for democratic reform in Tonga, an issue that had led to riots in 2006. Both Kerr and McMullan were very careful to indicate that political change was Tonga's business, and while the ALP generally favoured democratic reform it had to be reform in the political sphere that proceeded along with the economic openness, and good governance. A day later in Kiribati they complimented the government for its reform agenda, including in taxation, and praised the extensions to the Phoenix Islands Marine Protected Areas that make it the largest marine park in the world. They spoke again of the proposed labour mobility, and the importance of free trade for development.<sup>47</sup> These early forays began in places where Australia had generally enjoyed good relations, although the states themselves were less strategically important than those of Melanesia.

Perhaps the biggest announcement to date was on 6 March when Kevin Rudd launched the cornerstone of ALP Pacific policy, the Port Moresby Declaration. The 20 point statement claims, *inter alia*, that the Australian government wants a "new era of cooperation" with Pacific Islands nations (point 1); that it respects the independence of those nations (point 2) and that it wants to work with them to address climate change (point 5). The new framework is built around "Pacific Partnerships for Development" (points 7-10; 18), effectively bilateral agreements that aim to reach the UN Millennium Development Goals (20). This will be done through regional training schemes (point 12) and through a regional free trade agenda that will increase development (13). Along with New Zealand (13-14) Australia will aim to increase its general aid effectiveness, but importantly the declaration notes that the Australian Government "is committed to working with the Pacific island nations on the basis of partnership, mutual respect and mutual responsibility" (17).<sup>48</sup> The equation for prosperity is that the market remains the rational distributor of goods; competition delivers lower prices; deregulation of air travel, communications and shipping can lead to economic growth, and that will reduce poverty so that Pacific peoples will be better off, less likely to engage in intra-state conflict, political violence and therefore less likely to result in refugee flows or the need for Australia to become involved militarily, or in a RAMSI style operation in the future.

Later in March in Vanuatu,<sup>49</sup> Duncan Kerr launched the AusAID 2008 Pacific Economic Survey,<sup>50</sup> a 100 page report summarising key trends with collected statistics from the region. There have been other surveys of the Pacific

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with Pesi Fonua, *Managing Editor, Matangi Tonga*, [http://www.foreignminister.gov.au/parlsec/transcripts/2008/080205\\_pf.html](http://www.foreignminister.gov.au/parlsec/transcripts/2008/080205_pf.html), [viewed 5 April 2008].

<sup>47</sup> See note 45.

<sup>48</sup> Prime Minister of Australia (Kevin Rudd), *Media Release, Port Moresby Declaration* 6 March 2008. [http://www.pm.gov.au/media/Release/2008/media\\_release\\_0118.cfm](http://www.pm.gov.au/media/Release/2008/media_release_0118.cfm) [viewed 4 May 2008]

<sup>49</sup> The Hon Duncan Kerr SC MP, Parliamentary Secretary for Pacific Island Affairs, 31 March 2008, Speech, Le Meridien Hotel, Port Vila, Vanuatu, *Launch of Pacific Economic Survey 2008* (Joint launch with Parliamentary Secretary Bob McMullan), [http://www.foreignminister.gov.au/parlsec/speeches/2008/080331\\_pes08.html](http://www.foreignminister.gov.au/parlsec/speeches/2008/080331_pes08.html) [viewed 29 April 2008]

<sup>50</sup> Australian Agency for International Development (AusAID), *Pacific Economic Survey 08: Connecting the Region*, (Canberra: AusAID, 2008). [http://www.ausaid.gov.au/publications/pdf/pacific\\_economic\\_survey08.pdf](http://www.ausaid.gov.au/publications/pdf/pacific_economic_survey08.pdf) [viewed 4 May 2008].

Islands in the past, not only by AusAID,<sup>51</sup> but the commitment is now for them to become annual. It would be misleading however to see this as entirely a Rudd government initiative as a draft report was reviewed in November 2007, but it is indicative of a desire to keep such information current.<sup>52</sup> There are assumptions about the rationality of the market, competition and economic behaviour that underpin this report, however some of the discussion marks a refreshing change to the heavily critical writing on the Pacific characteristic of the early 2000s. What is clear however is that the forms of assistance that are now sought, and envisaged under the Pacific Partnerships for Development, bring in a range of measures that are integrated and have more realistic long-term budgeting. Yet they remain fundamentally based on the security paradigm where "state building ... has become a strategic response to security fears about transnational crime and terrorism".<sup>53</sup>

Despite all of the pronouncements from November onwards about the increased interest in the Pacific, the Federal Budget contained precious little detail about the new measures. Overseas Development Assistance (ODA) is now \$3.7 billion, or 0.32% of Gross National Income (GNI).<sup>54</sup> That is an increase of \$500 million from the 2007-8 budget, which was itself up 200 million from the 2006-7 figure.<sup>55</sup> While an extra \$700 million in three years does indicate substantial growth, as a percentage of GNI it brings Australia back to the average global aid levels of donor countries of the 1980s. It is also less than half of the target of 0.7% GNI as ODA for developed countries by 2015, and it is highly unlikely that even the interim benchmark of 0.5% GNI as ODA by 2009 will be achieved, as this would entail a jump in the aid budget of around 60%, or another \$2.2 billion.<sup>56</sup> In fact, no such measure is being attempted as the May 2008 Budget Statements for AusAID have target for 2011-12 of just 0.38% GNI.<sup>57</sup> It will be a long time before Australia equals the relative contribution of states such as Norway, Netherlands and Sweden, three of the most generous aid donors in the world.<sup>58</sup>

A comparison with the 2007-8 aid budget is illustrative as it shows that, far from increasing in relative importance this year, the Pacific region attracts slightly less of the ODA budget under the Rudd government (27.3%) than in the last year of the Howard government (27.65%). The largest increase

<sup>51</sup> The UN Economic and Social Commission for Asia and the Pacific (ESCAP) produces a statistical yearbook.

<sup>52</sup> *Pacific Economic Survey 08: Connecting the Region*, 88.

<sup>53</sup> Goldsmith and Dinnen, 'Transnational Police Building', 1095.

<sup>54</sup> Australia's International Development Assistance Program 2008-09, *Budget Highlights May 2008*. [www.ausaid.gov.au/budget/budget08/AusAIDBudgetHighlights0809.pdf](http://www.ausaid.gov.au/budget/budget08/AusAIDBudgetHighlights0809.pdf) [viewed 15 May 2008]

<sup>55</sup> AusAID, *Archived Media Release*, Alexander Downer, 8 May 2007, '2007-08 Australia's Overseas Aid Program: Major new initiatives promote regional growth and stability'.

[http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=985\\_523\\_8626\\_8718\\_1193](http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=985_523_8626_8718_1193) [viewed 15 May 2008]

<sup>56</sup> For international aid targets see Kofi Annan, *In Larger Freedom: Towards Development, Security and Human Rights for All*, New York: United Nations, 2005), 20.

<sup>57</sup> Commonwealth of Australia, *Budget Related Paper No. 1.9, Portfolio Budget Statements 2008-09, Foreign Affairs and Trade Portfolio*, May 2008, 97. <http://www.dfat.gov.au/dept/budget/> [viewed 15 May 2008]

<sup>58</sup> See for example the online 2007 comparisons by donor on the OECD database, which reveal that these states give between 0.8 to 1.0 % of GNI as ODA (Sweden 0.93; Norway 0.95; Netherlands 0.81). [http://stats.oecd.org/wbos/Index.aspx?DatasetCode=ODA\\_DONOR](http://stats.oecd.org/wbos/Index.aspx?DatasetCode=ODA_DONOR) [viewed 16 May 2008]

occurs not in the Pacific, nor even in the other strategic area for Australia, Asia. While there is an extra \$504 million in the aid budget, it is going mostly to Afghanistan (122.4 million) and Iraq (313.4 million), which were lumped together in the 2007-08 budget as 138.8 million. Some 60% of the increase appears to have gone to Iraq—on debt relief (for money that will never be repaid), reconstruction, and humanitarian aid— and to Afghanistan for the classic state-building concerns of "strengthening governance, supporting basic health and education and reconstruction".<sup>59</sup>

**Table 1: Regional Breakdown of ODA 2007-08 and 2008-09**

Program	2007-08 (in AUD millions)	As % of total ODA (3.155bn)	2008-09 (in AUD millions)	As % of total ODA (3.659bn)
Papua New Guinea and Pacific	872.5	27.65%	999.5	27.3%
Indonesia and East Asia	970.4	30.75	1038.7	28.3%
South Asia, Africa and other	382.0	12.1%	727.5	19.8%
Multilateral core contributions	841.9	26.65%	894	24.4%

Within the Pacific there are a few changes in the amounts received for specific countries, but there is more continuity in the overall purpose of the aid and its support of "governance" and HIV/AIDS prevention, education, health, law and order.

**Table 2: Country breakdown of ODA 2007-08 and 2008-09**

AusAID Budget	PNG	Solomon Islands	Vanuatu	Fiji	Tonga	Samoa	Kiribati	Other*	Total
2007/8	355.9	223.9	44.5	28.7	15.7	23.3	15.0	165.5	872.5
2008/9	389.4	236.4	51.8	26.9	19.3	28.3	18.4	181.9	999.5

\* includes support for regional institutions.

Sources for Tables 1 and 2: Budget Highlights 2007-08 (Australia's Overseas Aid Program) and 2008-09 (Australia's International Development Assistance Program).

Perhaps the major change is in the longer-term nature of projects where some \$288 million has been earmarked for three initiatives over the next four years:

<sup>59</sup> See note 54, 4. This lumping together raises questions about the blurring of budget allocations between "Defence" and "Overseas Development Assistance".

Pacific Regional Infrastructure Facility (127 million); Pacific Public Sector Capacity (107 million) and the Pacific Land Program (54 million). The descriptions of these programs are strong on motherhood statements but weak on specifics. These are however the main means by which the Pacific Development Partnerships will reach the Millennium Development Goals, which include, *inter alia*, by 2015: universal primary education for children; a reduction of under-5 child mortality by two thirds; a halt and start of a reversal of the spread of HIV/AIDS; halving the number of people without access to safe drinking water.<sup>60</sup>

### Conclusions: A Pacific sea-change?

Pacific states face growing young populations, low levels of industrialisation, health problems, costly transport and a generally low standard of living as measured in the Human Development Index. Some have diminishing resource bases in forestry, and perhaps fisheries, while others have expanding mining sectors, particularly if the Nautilus Minerals company's deep seabed mining being trailed off the PNG costs yields ore bodies.<sup>61</sup> It is clear that the Rudd government has moved away from the more muscular approach adopted by its predecessor and the new era of "mutual respect" may indeed lead to more stable and cooperative diplomatic relationships. The basic strategic reasons for engagement with the Pacific however remain as they have been for over a decade: fear of people fleeing unstable and "failed" states. Symbolically at least the Rudd government appears aware of the dangers of global warming, especially to low lying atoll states. For some Pacific states global waring and rising ocean levels are more than theoretical concerns about future temperature projections: their survival depends on the ocean staying below their land area. Tuvalu or Kiribati, may one day be looking at partial or complete loss of their land area.<sup>62</sup> "Adaptation to Climate Change" is thus one of the planks of the new ALP approach, and to some extent it informs the discussions about environmental security within Pacific Development Partnerships.

What is clear is that the real difference is in diplomatic method. Labor has realised that in order to achieve its foreign policy objectives in the Pacific it is important not to be seen to be pushing little countries around. Refraining from "megaphone diplomacy" can permit more harmonious relations. The same programs can continue to be enacted, and at the moment there is no sign of substantive change. The key difference is that Pacific peoples and states need to feel that they are involved in the process, and that they are not having "good governance" thrust upon them. The Pacific Survey shows that the first shift is in the use of language and in identifying positive stories. Kerr launched

<sup>60</sup> Annan, *In Larger Freedom*, 12-13.

<sup>61</sup> *Underwatertimes.com News Service*, "Deep-sea Mining Vessel to Explore Waters off Papua New Guinea; "Dawn of a New Era in Mining", 9 October 2006, [http://www.underwatertimes.com/news.php?article\\_id=86534107291](http://www.underwatertimes.com/news.php?article_id=86534107291) [viewed 18 May 2006]

<sup>62</sup> In July 2001 Tuvalu discussed with Australia allowing settlement for its 10,000 people if waters continue to rise. The request was rejected. Months later Tuvalu rejected Australia's request to house asylum seekers as part of the "Pacific Solution". See Mairi Barton, *The West Australian*, 'Ruddock rejects desperation tag - DUMPING GROUNDS - Where the boat people are going', 15 November 2001, <http://global.factiva.com.ezproxy.uow.edu.au:2048/ha/default.aspx> [viewed 19 May 2008].

the 2008 Pacific Survey in Vanuatu because it is "a success story". Along with PNG and Solomon Islands, Vanuatu is growing at close to 6%; the region generally is growing at 4.5%.<sup>63</sup> The ALP's Pacific plan seems simple: if states allow market liberalisation, then foreign direct investment will come in to create more competition, lower prices, higher wages, a better standard of living, prosperity and stability. Australia's regional security concerns, and the need for RAMSI-style state building, are both somehow solved by putting faith in the market, which of course delivers rational outcomes and benefits for all. The new Labor government is just as neoliberal as its predecessor. It seems that Rudd's way and Howard's way are not so different after all, it's just that with Rudd's way the language is a little nicer. But with a bureaucracy geared towards private enterprise concepts of service delivery, outcomes, reports and key performance indicators it may take some years to approach the Pacific differently, even if there were to be a genuine reappraisal of policy objectives. If and when an aid policy sea change eventuates, the Australian government's real battle will not be with the states of the Pacific Islands but with DFAT and AusAID bureaucrats within the public service.

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<sup>63</sup> See note 49.