

2017 Leaders' Summit
Address by
HE Mr Bruce Davis
Australian High Commissioner to Papua New Guinea
27 March 2017

The Evolving Australia – Papua New Guinea Partnership

Can I start by thanking you for the invitation to speak today.

I would also like to acknowledge what was, as Prime Minister O'Neill has outlined, another busy and productive year for Papua New Guinea.

It is great to be here to observe the 2017 Leaders' Summit; your annual forum for reflecting on past achievements and discussing priorities for the year ahead.

For me, it has also prompted reflection on the past year; and thoughts on the road ahead for the Papua New Guinea - Australia relationship.

December 2016 marked my first year in the role of Australia's High Commissioner to Papua New Guinea.

This appointment was a great honour for me.

It has presented me with an opportunity to revisit and re-engage with a country I have worked closely with over many years.

In many ways, Papua New Guinea is just as I remembered it: an incredibly diverse country; home to rich cultures and vibrant communities.

In other ways, the country I have returned to is very different.

Papua New Guinea is undergoing great change, resulting from both internal and external factors.

It is a country that now hosts several world-class energy and resources projects, including the ExxonMobil-led PNG LNG Project – a Project that demonstrated to the world that Papua New Guinea is an attractive investment destination. Australia is very proud to have been associated with the initial financing for the Project.

There are, of course, several other promising projects in the pipeline.

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Papua New Guinea is a country that is now attracting more and more foreign tourists to its shores; including an estimated 52,000 cruise ship passengers last year.

And agricultural potential is self-evident.

You have also successfully hosted several major events in recent years.

And you are beginning to harness the immense opportunities presented by your position as a gateway to both Asia and Oceania.

This is reflected by your preparing to host - for the first time - the APEC Leaders' Summit, together with a whole host of other APEC meetings.

This is an exciting opportunity for Papua New Guinea to showcase its economic potential, and to promote greater integration in the Asia-Pacific region.

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As both Papua New Guinea and Australia continue to undergo change, and we both address short-term economic challenges, it is only natural that the bilateral relationship between our two countries evolves, too.

We will always be linked by our history, our geography, and our rich people-to-people interactions - whether they be on the sporting field, in the classroom, in the workplace, in church, or through cultural exchanges.

Those links will not change.

But our relationship is now deeper, and broader, than it has ever been before. And it needs to become even deeper and even broader.

We are now economic and strategic partners, with shared regional interests – and challenges – that we are working together to address.

There has been a high level of engagement between our ministers and officials on these issues over the past few months, and it is essential this continues. We can never rest on our laurels – we always need to be engaging and ensuring our joint interests are being fully subscribed.

So it was pleasing to see a reaffirmation of our maturing economic, strategic and security partnership at the 25th Papua New Guinea – Australia Ministerial Forum, held three weeks’ ago in Madang.

Ministers agreed on a range of important outcomes at this Forum, including continued close cooperation between our two countries on security, policy and logistical preparations for Papua New Guinea’s 2018 APEC host year.

We recognise that APEC is one of your major priorities over the next two years, and we stand ready to assist.

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The Ministerial Forum also reaffirmed the importance of the recent Australia-Papua New Guinea Bilateral Security Dialogue. One of the outcomes of this Dialogue was an endorsement to continue our

cooperation on aerial and marine surveillance to combat illegal activities.

This type of cooperation was highlighted late last year, when the Papua New Guinea Defence Force and Australian Border Force worked together in a Papua New Guinea-led joint patrol to identify and intercept illegal fishing vessels operating in the vicinity of Budi Budi Island in Milne Bay Province.

It is in both our interests to stamp out illegal fishing activity, and preserve precious marine resources for future generations.

The Bilateral Security Dialogue also provided an opportunity for us to discuss ways in which to deepen our cooperation on other serious issues such as transnational crime, border security, health security and movement of peoples.

Thus building on our already extensive strategic and security partnership, which is underpinned by the Papua New Guinea-Australia Defence Cooperation Program and the Papua New Guinea-Australia Policing Partnership. These are both, by far, Australia's largest such programs around the globe.

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Our deep and enduring ties also extend to business, trade and investment, reflecting our strong economic partnership.

Our two-way trade was worth around 14 billion kina [AUD 5.8 billion] last year, with around 64 per cent of this trade exported from Papua New Guinea to Australia.

And this wasn't all trade in traditional resource commodities, like gold or petroleum.

Australia imported almost 100 million kina [AUD 40 million] worth of coffee from your growers last year - a 30 per cent increase on the year before.

And there is a market in Australia for cocoa and other agricultural products from Papua New Guinea, too.

In fact, one iconic Australian company - Haigh's Chocolate - already sources a significant percentage of its cocoa from Papua New Guinea, due to its unique flavour.

On investment, Australian companies currently invest around 45 billion kina [AUD 18.4 million] in Papua New Guinea, in a diverse range of sectors - banking and finance; insurance and legal services; mining, oil and gas - the list goes on.

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The growing importance of our bilateral trade and investment ties is one reason why we have established a Consulate-General in Lae.

This reflects our continued confidence in the economic future of Papua New Guinea.

We recognise that Lae is an important commercial hub for Papua New Guinea - home to your largest port, a large manufacturing industry, and the gateway connecting the Highlands and the Islands.

It is also home to a significant number of Australian businesses.

The strong show of support from the Lae community at the Consulate-General's launch earlier this month is another sign of our deepening partnership.

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Critical to this partnership is an ongoing dialogue on the shared opportunities and challenges our two countries face.

It has been a tough period globally – not just for Papua New Guinea – and the world economic outlook remains uncertain.

As resources based-economies, we have both felt the brunt of the recent downturn in commodity prices.

This has highlighted to us both the importance of economic diversification, fiscal discipline, and an attractive and stable regulatory framework.

Prime Minister, we share your support for a global commitment to 'freer' trade.

Because open markets - through lower tariffs and fewer restrictions on investment - support competition, productivity and international engagement; and promote broad-based economic growth.

Trade liberalisation is especially important for small and medium sized businesses, who need less red tape to be able to trade freely - and to take advantage of the diverse range of opportunities available in the Asia-Pacific region.

These opportunities are enormous.

According to the IMF, global growth in 2017 will be driven largely by the Asian region.

And Asia's middle class is expected to grow from 500 million to three billion by 2030, prompting exponential growth in demand for resources, food, and tourism services.

So it is an exciting time for our region - and an exciting time for the Papua New Guinea - Australia relationship.

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As I have outlined, at the heart of that relationship is our modern strategic and economic partnership.

I am pleased that our development partnership is evolving to enable us to meet these shared objectives.

The Papua New Guinea-Australia relationship is no longer defined by the 'donor and recipient' model of the past.

As I have stressed elsewhere, this concept is outdated - and must be reframed.

I will let the numbers speak for themselves:

At independence in 1975, Australia's investment in Papua New Guinea's development represented 40 per cent of Papua New Guinea's budget.

It rightly now stands at around 10 per cent, marking the growth of Papua New Guinea's own fiscal allocations.

At the same time, our economic relationship has grown from strength to strength.

We have worked closely with the Government of Papua New Guinea to reshape the nature of our development cooperation; to focus on areas that complement and support our broader economic and strategic partnership, and that add value.

Building on long-standing successful interventions like the Incentive Fund, our approach is to support your own initiatives and priorities;

to be, we hope, an important partner in collaborative activities involving Papua New Guinea institutions and companies.

Underpinning our respective investments in these activities, of course, must always be the tenets of accountability, transparency and value for money – tenets which are in both of our national interests to promote.

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We have shifted our focus away from basic service delivery, which is rightly a core and sovereign responsibility for the Papua New Guinea Government. Our role must be to add value, not to substitute for local provision of services.

We have agreed, at the Papua New Guinea-Australian Ministerial Forum, on several broad priority areas - for investments in health, education, law and justice, governance and infrastructure.

We also want to work with you and facilitate opportunities for more projects that address climate change.

These are all important sectors that contribute to a strong and resilient economy.

The greatest contribution to your future growth will be made by a community that is educated, healthy, and violence-free.

Papua New Guinea's growing population will broaden the economy and drive expansion. We must invest in better education and health – not just because it is the right thing to do, but because it is an investment in a productive and secure future for this nation.

We will continue to support your priorities to achieve education and employment opportunities for all; to achieve better health for women and children, including expanding access to critical services such as family planning; and to address health threats, as urban centres grow and Papua New Guinea's economy further integrates with the Asia Pacific.

We will continue to partner with you to build communities with strong institutions and access to quality infrastructure.

And, importantly, communities that encourage and support women in achieving their full economic and human potential.

We have also commenced work on specific programs acknowledging other important Government priorities, including decentralisation – working with provinces and districts.

And delivering support for the 2017 National Elections.

At the same time, we have continued to focus on strengthening partnerships with the private sector, NGOs, the churches, and other donor partners – in recognition of the important role they play.

We value our strong Churches Partnership Program, given the active role Churches play in service delivery, and are moving to complement this with a competitive grants program.

And we are encouraging partners to work together in other ways.

As I mentioned earlier, a healthy population is critical for Papua New Guinea's economic growth, and health security is a priority for us both.

In the fight against drug-resistant tuberculosis – in which Western Province is experiencing some of the highest rates in the world – our partnership with the National and Provincial Governments, strong leadership from Daru Hospital, together with researchers, churches, NGOs, international experts and the local community, is beginning to see a turn in the tide.

Progress is obvious.

Just four years ago, one in three people diagnosed with drug-resistant TB failed to complete their treatment. Now, all known drug-resistant TB cases in Daru are on treatment.

The lessons learned from this partnership are now being applied to responses in other parts of the country.

Another example of partnership last year was the commencement of a Trilateral Papua New Guinea, China and Australia malaria research project. This has led to strengthening national and provincial laboratories by drawing on each partners' experiences and strengths.

We have also just signed an updated agreement with ExxonMobil for the company to fund 22 domestic scholarships in Papua New Guinea institutions to complement the 626 scholars we are supporting.

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Another area of importance is the Papua New Guinea Governance Facility, which is a new partnership model for this critical sector.

A key area of this investment is the Pacific Leadership and Governance Precinct, which is developing the next generation of Papua New Guinean leaders.

We both recognise that promoting effective leadership and good governance is critical to national development.

Underpinning our engagement though the Precinct is the establishment of strong links between Australian institutions with their counterpart institutions here.

It is great to see that over 1,600 Papua New Guineans have now engaged with the Precinct in some form.

This includes 144 public servants who have graduated with Australian certified level diploma training, 59 graduates with economics and public policy qualifications, and over 700 public servants who have participated in short courses.

The Precinct's suite of activities will continue to grow in 2017 – and we are very mindful of the Papua New Guinea Government's interest that this has a strong reach across all parts of the country.

Beyond the Precinct, we will continue to provide significant numbers of Australian Awards for long-term study in Australia. Currently, there are 321 Papua New Guinean long-term scholars studying in Australian institutions under these awards.

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Infrastructure development is another priority area of your Government that we will continue to support.

Its centrality in economic development is obvious.

We believe we add best value in working with you on implementing high-quality projects, and facilitating partnerships with multilateral development banks.

Together, we have maintained over 10,000 kilometres of the national road network over the last five years.

We also recently joined with the Papua New Guinea Government in opening six new bridges along the Kokoda and Northern Highways in Oro Province. These bridges have improved the region's growth prospects, and support a more reliable supply chain for local smallholders and agro-industry.

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The agriculture sector is often described as the “sleeping giant” of Papua New Guinea.

Yet only around three per cent of cultivated land is used for export cash cropping, which suggests there is great potential for expansion – and for more niche Papua New Guinean agricultural products to appear on foreign shelves.

This is why promoting growth in the agriculture sector is another priority area of our partnership.

Through our Pacific Horticulture and Agriculture Market Access (or PHAMA) Program, the Market Development Facility, the Australian Centre for International Agricultural Research, and gender programs, we are working together to improve agricultural supply chains, the quality and consistency of production, and opportunities for women in agriculture.

The PHAMA Program is specifically focused on boosting Papua New Guinea's exports of primary and value added produce by helping

exporters to meet trading partners' regulatory requirements and quality standards.

The PHAMA Program is also currently exploring ways in which it can support Papua New Guinea's impact survey and response to the recent Coffee Berry Borer outbreak, in recognition of the industry's importance to local livelihoods and broader economic development.

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I have not attempted to provide a comprehensive listing of all our shared development activities, but these are some examples of our work together.

And as we are in the midst of another busy year of working together, I would like to extend my sincere thanks for your continued partnership and friendship.

But, like all partnerships and friendships, it will be important that we continue to both work hard to maintain the momentum and success we have had. With continued effort, I am confident this will be the case.

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We also have some important shared commemorations this year - the 75th anniversary of various World War II campaigns in Kokoda and

Milne Bay, to name two. This also marks 75 years of Papua New Guinea's own national defence force.

And, of course, your national elections loom large.

When the last polling booth has closed and the results are in, we stand ready to work with Papua New Guinea's next Government.

We will do so as we have for many years – shoulder to shoulder, as partners, and as friends.

Thank you.