

Mr Yeend

**PRIME MINISTER**FOR PRESSMARCH 4, 1976

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PRIME MINISTERS OF PAPUA NEW GUINEA AND AUSTRALIA DURING  
MR SOMARE'S VISIT TO CANBERRA

At the invitation of the Government of Australia, the Prime Minister of Papua New Guinea, the Honourable Michael T. Somare, accompanied by Mrs Somare, is paying an official visit to Canberra on 4 and 5 March 1976.

Mr Somare was received by His Excellency, the Governor-General, Sir John Kerr and by the Prime Minister, the Right Honourable Malcolm Fraser. Mr Somare had extensive discussions with Mr Fraser, with the Minister for Foreign Affairs, Mr Peacock, and with other Australian Ministers.

The Australian Prime Minister extended a most warm welcome to Mr Somare on his first visit to Australia as the Prime Minister of an independent Papua New Guinea.

The Prime Ministers noted with great satisfaction that Papua New Guinea had acceded to independence in 1975 smoothly and without difficulties. They paid tribute to the many Papua New Guineans and Australians who had contributed to this process, which they believed had established a sound and co-operative basis for the development of the post-independence relationship. They saw the end of the colonial relationship as a passing step in history; what was important to both countries - in contrast with many other former colonies and administering powers - was that they are each other's closest neighbours, and would remain so.

The Prime Ministers said that Australia and Papua New Guinea had many abiding common interests. Their relationship was therefore of great importance to both countries: the Prime Ministers pledged that they would work for the closest development of that relationship, a relationship which would clearly be based on the sovereign, independent status of each country, and which would reflect mutual appreciation of each country's independent national interest. They agreed that they and their colleagues would continue to consult regularly and as often as judged necessary on any aspect of concern or interest.

The Prime Ministers said that they had reviewed major aspects of relations between the two countries.

#### Aid

The Prime Ministers agreed that a new aid relationship was required properly to reflect Papua New Guinea's independent status. They agreed that the objectives of the new relationship would be to facilitate and promote economic and social development for the people of Papua New Guinea, to facilitate the achievement by the Papua New Guinea Government of its objective of increasing self-reliance, and to enable Papua New Guinea to plan its development on the basis of resources available to it including those to be provided by Australia, but to put an end to arrangements under which Australia had been involved in Papua New Guinea's budget-making.

Mr Fraser told Mr Somare that, in determining the allocation of aid funds, Australia would continue to give the highest priority to providing aid to Papua New Guinea on a substantial scale to assist it towards its objective of self-reliance.

Mr Fraser informed Mr Somare that the Australian Government now wished to enter into a new, long-term commitment on economic and social aid to Papua New Guinea. Mr Fraser said that the Australian Government had therefore decided that, subject to normal parliamentary procedures on appropriation, Australia would provide a minimum of \$180 million in social and economic aid to Papua New Guinea for each of the five years beginning on 1 July 1976 and would consider

further annual supplements in the light of circumstances. It had been further decided that the annual supplements above the base figure would be \$10 million in 1976-77 and \$20 million in 1977-78, bringing aid on this basis in those two years to \$190 million and \$200 million.

In addition to the figures mentioned above Australia will provide the following - the Australian contribution to the Wabo Hydro-electric feasibility study, the Australian independence gift to Papua New Guinea, payments relating to war pensions and cemeteries, payments under the Employment Security Scheme, which the Australian Government was by legislation obliged to make, for termination benefits to former expatriate employees of the Government of Papua New Guinea; and expenditures by the Australian Government on the completion of the current aid projects for airport construction works at Port Moresby and Nadzab, (estimated at \$3.8 million in 1976/77) and on the Australia-Papua New Guinea Training and Education Scheme (estimated at \$1.2 million in 1976/77). (Payments under this Employment Security Scheme are tentively estimated at \$37 million for 1976/77 and \$21 million for 1977/78.)

This means that Australian assistance to Papua New Guinea in 1976-77 for economic and social purposes will exceed \$195 million. This represents an increase of at least \$33 million in Australian aid to Papua New Guinea compared with 1975-76.

Mr Somare warmly welcomed the new and generous long-term aid commitment by the Australian Government which he said the Government of Papua New Guinea found fully acceptable. He stressed, however, that Papua New Guinea would not be in any way relaxing its serious attempts to live within its means in the years ahead.

#### Financial Reserves

The Prime Ministers discussed the earlier Australian Government offer whereby the Reserve Bank of Australia would provide a \$30 million standby to the Bank of Papua New Guinea to assist Papua New Guinea to cope if necessary with possible fluctuations in international trade and capital movements. Mr Fraser agreed that the standby arrangement would be increased to \$60 million

### Torres Strait

The Prime Ministers agreed it was important that an equitable and permanent settlement of all outstanding issues relating to Torres Strait be achieved as soon as possible. To this end, negotiations would be undertaken at an early date. Mr Fraser informed Mr Somare that the Commonwealth Government was prepared to negotiate some adjustment of present arrangements in Torres Strait. It was agreed that one object of the negotiations would be to draw a seabed delimitation line between Australia and Papua New Guinea. The Prime Ministers agreed that the settlement should include the establishment in the Strait of a zone designed to protect the environment and to preserve the traditional way of life and livelihood of the local inhabitants.

Mr Fraser explained to Mr Somare that certain aspects of the matter raised constitutional issues in which the co-operation of the Government of Queensland was required. Accordingly, the Commonwealth Government would commence Ministerial discussions with Queensland before the end of April and thereafter would meet with the Government of Papua New Guinea.

Both Prime Ministers agreed that a settlement of the issue had been too long delayed. They looked to an early and equitable solution.

### Telephone Services

The Prime Ministers noted that the two Governments had had under review for some time the telephone services between the two countries. Mr Somare welcomed Mr Fraser's advice that Australia would introduce, within a month or so, a new facility whereby all Australian telephone subscribers would be able, as subscribers in Papua New Guinea already are, to dial Papua New Guinea direct on an ISD (International Subscriber Dialling) system with a special dialling code. The Prime Ministers agreed that this would not only facilitate communication between the many people resident in each country with relatives, friends or

other interests in the other, but would also offset the foreign exchange flow to Australia which had resulted from the present system.

#### Other Bilateral Matters

The Prime Ministers noted that, naturally, in view of the short period since independence, a number of other matters of bilateral importance required resolution. They noted that negotiations were proceeding on long-term arrangements in the defence, trade and civil aviation areas, as well as on a number of other matters of mutual interest and co-operation. They agreed that they would ask their colleagues responsible for these various matters of intergovernmental co-operation to proceed steadily towards completion of appropriate agreements or understandings. Announcements would be made as appropriate.

#### Bougainville

Mr Somare gave Mr Fraser an account of recent developments in Bougainville and of the negotiations proceeding with Bougainvillean representatives. Mr Somare explained that the Coalition Government under his leadership is committed to maintaining a united and stable Papua New Guinea. To this end he was working towards a structure of government that would satisfy the aspirations of the Bougainvilleans within the framework of a united Papua New Guinea.

Mr Fraser informed Mr Somare that the Australian Government appreciated that the question of Bougainville was clearly an internal matter for the Government of Papua New Guinea and accordingly one in which, in the post-independence situation Australia was no longer directly involved. He nevertheless wishes to state clearly and publicly, with Mr Somare's agreement, that the Australian Government maintained unequivocally the position, made clear by the unanimous support of the Australian Parliament for Papua New Guinea's accession to independence last year, and also by the support of the United Nations Special

Committee of Twenty-Four, the Trusteeship Council and the General Assembly, that a united Papua New Guinea was in the interest of all concerned. The Australian Government would therefore give the fullest support to the current efforts of the Government of Papua New Guinea directed towards a negotiated and peaceful settlement of the issues involved, enabling Bougainville to remain within a united Papua New Guinea.

#### International Affairs

The Prime Ministers stated that both their Governments would pursue independent foreign policies based on their perception of their own national interests. Both Governments would attach great importance to consultation and to co-operation with their neighbours in the affairs of the region. As was well known, both countries gave their firm support to the principles of the United Nations charter.

The Australian Prime Minister assured Mr Somare that in those countries where Papua New Guinea had not established its own representation, Australian diplomatic and consular missions would, to the extent desired by the Government of Papua New Guinea and within the limits of their resources, act for the Government of Papua New Guinea in the prosecution of its diplomatic and consular interests. Mr Somare warmly welcomed this assurance.

#### Invitation to Mr Fraser to Visit Papua New Guinea

Mr Somare extended a most cordial invitation to Mr Fraser to visit Papua New Guinea. Mr Fraser accepted the invitation with pleasure. It was agreed that a date for the visit would be fixed by consultation between the two Governments.

Mr Somare thanked Mr Fraser for the warmth of the welcome extended to him, to his wife, and to members of his party, and for the arrangements which had been so generously made for their stay in Australia.