

Pacific Buzz (Feb. 13): Solomon Is recover | PNG seeks stability | Funding cuts | More

by Development Policy Centre

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A fortnightly roundup of policy news in the Pacific by the [Pacific Institute of Public Policy](#) and the [Development Policy Centre](#).

POLITICS

Solomon Islands recovers

In spite of [aftershocks](#) that damaged an important wharf, **Solomon Islands** has begun the recovery from the tsunami that damaged hundreds of homes and [killed as many as 10](#) in the Santa Cruz islands. Australian foreign minister Bob Carr [diverted his Pacific tour](#) to visit with Solomon Islands prime minister Darcy Lilo. Disaster management officials and scientists remain vigilant following reports of steam rising from the ground on one of the islands and continued ‘unusual seismic activity.’

French Polynesia elections loom

With elections due to take place in April, sacked economics minister, Teva Rohfritsch [launched a new political group](#). The group named, ‘A Tia Porinetia’ incorporates the ‘To Tatou Aia’ group with the leaders of several smaller parties.

French Polynesia President, Oscar Temaru has also [signaled his intent](#) to run in the election, despite indicating a boycott earlier. Temaru has also been busy [lobbying](#) to have French Polynesia re-inscribed on the UN decolonisation list. Initially reported to be receiving **China’s** backing, President Temaru later stated he [had been misunderstood](#). He said he would be [receiving support](#) from **Tuvalu**, **Nauru** and **Solomon Islands**.

MSG and the independence struggles

Melanesian Spearhead Group (MSG) Director General (DG) Peter Forau says the MSG will **step up its support** for Kanaky independence in preparation for 2014, when **New Caledonia's** congress determines a timeline for a referendum on full independence. MSG countries would also advocate for full independence via their diplomatic missions at the UN. **Papua New Guinea** Deputy Prime Minister Leo Dion claimed to have boosted commitments to the Kanaks via **a pledge** for financial assistance to establish a special FLNKS unit at the MSG.

Meanwhile, a **West Papua** delegate **met with DG Forau** to share their intention to join the MSG. West Papuans are yet to garner the level of support received by the Kanaks. **Some claim** that **Indonesia's** observer status in the MSG harms West Papuan chances, but Forau **suggests** their inclusion allows the MSG to engage with them.

Foreign Minister Carr on whirlwind tour of Pacific

Australian Foreign Minister Bob Carr was meant to be visiting **Kiribati**, **Samoa** and **Vanuatu** but amended his plans to include a brief visit to Solomon Islands to **offer Australia's support** following the recent tsunami.

He then flew to Kiribati, pledging AUD 15 million to rehabilitate 40 kilometres of main road in South Tarawa. Kiribati President, Anote Tong **announced** how pleased he was and reiterated that there was no greater security threat to **Kiribati** than climate change – further demonstrated by the recent **purchase** by the government of Kiribati of 6000 acres of land in Fiji to grow food.

Senator Carr then headed to **Samoa** to **inspect** the cyclone recovery efforts before the final part of his journey to **Vanuatu** when the re-establishment of ties with the AFP will likely be discussed.

30 months grace for PNG PMs

PNG continues to address its political instability issues by **increasing** a prime minister's immunity term (to face a vote of no confidence) from 18 to 30 months. While the bill was passed by 90-14 votes, many feel the amendment would be dangerous for parliamentary democracy—accusing the O'Neill-Dion government and the speaker of **gagging important debate** on the bill before it was passed. The wisdom behind the grace period extension has been rebutted **elsewhere**, arguing stability does not necessarily equate with economic growth.

ECONOMICS

Details of AusAID's fund diversion announced

DEVPOLICYBLOG

More than six weeks after Australian Foreign Minister Bob Carr **announced** that AUD 375 million would be diverted from the Australian aid program to finance domestic asylum seekers' costs, AusAID has **released** (pdf, p. 102 onwards) details of what areas of the aid program would go under the knife. Few countries have been spared. Solomon Islands and Vanuatu bear the bulk of the Pacific cuts (60 per cent of the total between them). PNG on the other hand has a very small increase; perhaps due to the Manus island detention centre?

Country	Budget Estimate (\$m)	Revised Estimate (\$m)	Change	Change (%)
PNG	491.7	493.2	1.5	0.3%
Solomon Islands	239.4	222.7	-16.7	-7.0%
Vanuatu	72.9	59.8	-13.1	-18.0%
Samoa	45.5	43.5	-2	-4.4%
Fiji	55.6	53.8	-1.8	-3.2%
Tonga	33.8	32.1	-1.7	-5.0%
Nauru	31.6	31.8	0.2	0.6%
Kiribati	30.4	26.9	-3.5	-11.5%
Tuvalu	11.1	9.8	-1.3	-11.7%
Cook Islands	3.7	4	0.3	8.1%
Niue	4.5	3.8	-0.7	-15.6%
North Pacific	9.6	9.3	-0.3	-3.1%
Regional and Other Pacific	141	128.7	-12.3	-8.7%
Total Pacific	1170.9	1119.4	-51.5	-4.4%

For more analysis on AusAID cuts see this [blog](#).

PNG budget strategy hurting front-line service delivery?

The PNG budget was debated at the Australian National University-National Research Institute (NRI) PNG **Budget Forum**. Devpolicy Director Stephen Howes **argued** [pdf] that the **massive surge** in project funding for provinces, districts and local-level governments would **squeeze** frontline service delivery. Finance Minister James Marape announced that the Government would strengthen monitoring and evaluation to ensure effective spending of project funds. Treasurer Don Polye announced that the Sovereign Wealth Fund legislation would be resubmitted to Parliament with amendments. NRI's Andrew Mako and ANU's Colin Wiltshire reported back on their just-completed **nationwide survey** [pdf] of 200 schools and 150 health facilities, with stories of schools closed to tribal fighting but also of retired teachers continuing to teach their community's children. Full results

from that survey will be reported at the next budget forum on August 29 2013.

World Bank says PNG boom over

Also speaking at the Budget Forum was World Bank economist Tim Bulman on the World Bank's new economics brief for PNG. Bulman argued that, apart from the commencement of the PNG LNG project, the PNG economy was going to 'slow markedly', noting that 'the PNG Treasury forecasts the non-tradable economy to slow to below 4 per cent growth in 2013 and to decline in 2014. This compares with 12.5 per cent average annual growth in non-tradable activity between 2006 and 2012.' The World Bank's first Economic Brief for PNG in 2013 also releases further data from the 2009-10 Household Income and Expenditure Survey (HIES), following the disclosure of poverty figures [reported earlier](#). According to the HIES 55 per cent of women don't walk at night for fear of crime, and 9 per cent reported being beaten in the 30 days prior to the survey, two-third of these by their husband.

Meanwhile, the ANZ CEO, Mike Smith, also [speaking](#) [pdf] in Port Moresby, painted a much more optimistic long-term picture of the PNG economy. He predicted that resource-related investments would create 100,000 new jobs, and that agriculture (coffee and oil palm) would be the next big boom in the country.

Agriculture scholarships for Tonga and Fiji

The **Tongan** government is [providing TOP 1 million](#) to finance a new Agricultural Export Marketing Fund to help exporters who buy exportable produce from farmers. And in **Fiji**, Commodore Bainimarama's government is implementing an [agriculture scholarships scheme](#) whereby recipients get a one year scholarship to study, and upon graduating become eligible for a FJD 70,000 loan to and FJD 2,000 start up cash to go into agriculture. Fifty students were recently awarded scholarships. Still in Fiji, The Fiji Crop and Livestock Council is a newly formed professional body representing Fijian farmers (outside the sugar industry). It is now the coordinated voice of all farmer associations.

Continued economic woes in Tonga

In 2012, Governor Mafi of the National Reserve Bank of Tonga [wrote](#) in Devpolicy of **Tonga's** economic woes. And these continue in 2013. Governor Mafi [recently told](#) the Tonga Chamber of Commerce and Industries that there has been a 'steep and continuous decline of private cash remittances'. Data show that annual remittances have fallen from TOP 132 million to TOP 110 million between November 2011 and November 2012. Also, public debt has risen by TOP 172 million in four years, resulting in a tight fiscal position and lack of room for government economic stimulus. Later this year, Tonga will also need to start paying

off a **major loan** from China, which is expected to further impact on economic prospects.

IN BRIEF

Solomon Islands government to address **dolphin dispute**.

Nauru's foreign minister Kieren Keke **resigns**.

PNG decides English will be the only language of instruction.

Cook Islands to ask UN for **extension of continental shelf** to give it seabed mining rights.

PNG's Rabau Queen disaster investigation **begins**.

Pacific Plan review considers **pooling of sovereignty**.

Cook Islands up in arms over Coca-Cola **paying a reduced import duty** since the 1980s.

CNMI governor Benigno R. Fitial **impeached**.

Fijians can expect a **new constitution** by March while sixteen political parties have until Thursday to re-register.

Cook Islands **abandons** ambitious renewable energy targets.

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