

## **Pacific Buzz (August 22): Clinton to attend Pacific Forum | Pacific Solution returns | Solomon Islands prepares for troop withdrawal... and more**

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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**

#### **Clinton to attend Pacific Forum**

Hilary Clinton will be the first Secretary of State to attend a **Pacific Island Forum meeting**. It is intended to signal the **US** is serious about increasing its [engagement](#) with the Pacific, and motivated by a desire to [counter China's](#) growing influence in the region. Behind the scenes the visit is also believed to be aimed at giving the Forum a prod towards more effective engagement with its island stakeholders, as leaders consider a range of measures to reform the secretariat following criticisms raised in an independent review that is widely circulating but not yet officially released. [Forum](#) leaders are also expected to announce a significant new regional gender initiative. Fiji, which remains suspended from the Forum, will again host its rival pre-Forum [Engaging With The Pacific](#) meeting and has invited leaders from the Pacific and internationally to attend.

#### **Pacific Solution returns**

**Nauru** and **PNG** swiftly [supported](#) the **Australian** government's controversial policy backflip on the '[Pacific Solution](#)', which will again see people seeking asylum in Australia detained in Nauru and PNG's Manus Island. However, Powes Parkop, a senior member of the PNG coalition government, has vowed to [challenge](#) the plan on constitutional grounds as [others](#) expressed dismay over the lack of debate on the issue within PNG. Nauru's foreign minister, Kieren Keke, [signalled](#) he wants more input into Australia's offshore processing regime, which attracted much [criticism](#) during its previous incarnation between 2001-07. Manus Island [reportedly](#) has PNG's highest incidence of **malaria**, raising additional health and human rights

concerns.

## **Solomon Islands prepares for troop withdrawal**

**Solomon Islands** PM Gordon Darcy Lilo is in Canberra for [bilateral talks](#) with his Australian counterpart, the first such visit in five years. Discussions are likely to focus on the withdrawal of troops under the Regional Assistance Mission to Solomon Islands (**RAMSI**). Australia's foreign minister, Senator Bob Carr, has [indicated](#) the policing function of RAMSI will continue and defence ties will focus on maritime surveillance to help protect fish stocks. Senator Carr also announced a new AU\$14 million initiative to combat **malaria** in Solomon Islands. At home, PM Lilo is under increasing [pressure](#) to convene Parliament to pass a supplementary budget.

## **PNG to tackle corruption**

One of the new government's first legislative measures is expected to be a bill to establish an [independent commission against corruption](#). Loujaya Toni, who campaigned strongly against corruption, is the only [female](#) member of the new cabinet having been appointed to the ministerial post covering religion, youth and community development. Reactions to the new government comprise a mixture of [cautious optimism](#) and [criticism](#).

## **Fiji's hears constitutional submissions**

**Fiji's** military leader, PM Voreqe Bainimarama has [warned](#) the chair of the country's Constitutional Commission, Prof. Yash Ghai, not to get involved in politics after the veteran constitutional expert called for people to be heard [directly](#) during the [public consultation](#) process. Land issues emerged as a priority as the commission commenced hearing submissions.

Meanwhile, after a four-year ban, the Fiji Methodist church has been granted a permit to hold its [annual meeting](#) subject to a number of conditions and restrictions.

## **ECONOMICS**

### **Budget problems for PNG**

In his first days as new **PNG** PM, Peter O'Neill has warned of [cuts in public spending](#) to accommodate an expected K500 million revenue shortfall and overruns in election spending. The new [2012 Mid-Year Economic and Fiscal Outlook Report](#) released by the PNG Treasury forecasts a revenue shortfall of almost K400 million and an expenditure overrun of some K100 million turning what was a balanced budget into a deficit of K500 million. It recommends cuts to the development budget to bring the budget back into balance.

On the positive side, the Outlook increases the 2012 growth forecast from 7.8 per cent to 9.9 per cent on the back of faster than expected non-mining growth, led by construction activities related to the LNG project.

### **Time to tackle agricultural productivity**

**Fiji's** Reserve Bank Governor has attributed the decline of the [agricultural sector](#) in Fiji to vulnerability to natural disasters, lack of private sector investment, infrastructure deficiencies, rising production costs and limited access to finance. In **PNG**, a significant amount of agricultural produce is reportedly [wasted post-harvest](#) because of transportation and other infrastructure deficiencies.

Meanwhile, the [World Bank](#) is warning of volatility in global food prices, low food stocks and food security

that may lead to another global food price crisis.

### **Caution on Samoan economy**

**Samoa** has been advised by the International Monetary Fund (IMF) in its most recent [assessment](#) that its currency is [overvalued](#).

The IMF also noted continued economic recovery from the global financial crisis and 2009 tsunami, but warned growth is likely to remain moderate and public debt needs to be brought to sustainable levels.

### **Fears for Vanuatu's pension fund**

Fears of lost savings due to allegations of mismanagement and nepotism have sparked public [protest](#) and calls for the **Vanuatu** National Provident Fund (VNPF) to pay out its members in full. With memories of the 1998 VNPF riots fresh to mind, the general manager has been suspended, and political and community leaders have called for calm as the Auditor General conducts an [investigation](#). It is understood that a bill will be introduced in the next sitting of Parliament for the *Vanuatu National Provident Fund (Amendment) Act* that will strengthen the role of the Finance Minister and Reserve Bank Governor in overseeing the fund's investment portfolio.

### **Westpac loans for logging**

Westpac Bank has reduced loans to **Solomon Island** logging companies in recent years, but [recent allegations](#) have revealed the bank as a guarantor of a contentious new project that will contribute to ongoing deforestation.

A [Devpolicy note](#) questions why Westpac is continuing to back environmentally damaging activities.

### **IN BRIEF**

After less than years in the job, the Pacific director of the World Bank is leaving and says greater [regional integration](#) is needed to support economic growth.

ADB is to provide a [US\\$4 million](#) grant to **Nauru** to assist with strengthening financial management.

Republic of the Marshall Islands to receive an additional [one million euros](#) from the EU for renewable energy.

[Tonga and Israel](#) agree visa free travel.

[Samoa](#) 2011 census report released.

[Minimum wage](#) to rise by 15 per cent in **Vanuatu** while the **Fiji** defers the Wages Regulations Orders, would see 10 to 15 per cent pay rises across [ten sectors](#).

The Development Policy Centre is hosting the [2012 Pacific Update](#) at the Crawford School of Public Policy at The Australian National University on 6 September 2012.

*Editorial content is the responsibility of Derek Brien, PiPP Executive Director, and Stephen Howes, DevPolicy Director.*