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The Parliament of the Commonwealth of Australia

# **Tonga and Vanuatu**

**Report of the Australian Parliamentary Delegation**

22 July to 1 August 2009

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ISBN 978-0-642-79239-6

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## **Membership of the Delegation**

**Leader**                      Mr Kelvin Thomson MP  
Member for Wills (Victoria)

**Deputy Leader**            Senator the Hon Ian Macdonald  
Senator for Queensland

**Member**                     Senator Claire Moore  
Senator for Queensland

**Official**                     Ms Lynette Mollard  
Delegation Secretary



## Acknowledgments

The Australian parliamentary delegation expresses its sincere appreciation to the Tongan and Vanuatu parliaments. In Tonga, particular thanks go to the Speaker of the House, the Honourable Lord Tu'ilakepa MP, and in Vanuatu, particular thanks go to the Speaker of the Parliament, the Honourable Maxime Carlot Korman MP.

The King of Tonga, His Majesty King George Tupou V, was out of the country at the time of the delegation's visit so a call on him was not possible. The delegation was grateful to the Prime Minister of Tonga, Dr the Hon Feleti (Fred) Sevele, for receiving them.

In Vanuatu the delegation was received by the President of the Republic of Vanuatu, His Excellency Kalkot Matas Kelekele, and by the Prime Minister, the Honourable Edward Natapei MP. The delegation appreciated the generous amount of time they spent with them.

The delegation is grateful for the warmth of the welcome, the comprehensive and informative program, and the generous hospitality that was provided throughout the visit to both countries. The opportunity to meet with a broad range of parliamentary, government, community and business representatives was appreciated greatly. The visit to an island away from the main island in both countries provided the delegation with some different perspectives and very useful insights.

Special thanks are due to the Clerk of the Tongan Parliament, Dr Viliami Latu, the Deputy Clerk, Mr Sione Tekiteki, and their staff for all the work they did for the visit.

The delegation were honoured to be invited by the President of the Republic of Vanuatu, His Excellency Kalkot Matas Kelekele, to join in Independence Day celebrations marking the 29<sup>th</sup> Anniversary of Vanuatu's independence including the flag raising ceremony, reception at State House and the Independence Day Ball.

The delegation is extremely grateful to the Australian High Commissioner to Tonga, His Excellency Mr Bruce Hunt, and to the Australian High Commissioner to Vanuatu, His Excellency Mr Pablo Kang, as well as to the staff of both missions, particularly Ms Carole Gransbury, First Secretary (Administration) in Tonga and Ms Sue Langford, Deputy High Commissioner, and Ms Kendra Derousseau and Ms Freyer Beaumont both from AusAID in Vanuatu, for the tremendous support and assistance provided prior to and throughout the visit.

Thanks are also due to the Department of Foreign Affairs and Trade, the Parliamentary Library and the Parliamentary Relations Office for their valuable contributions in ensuring the success of the visit.



## **Delegation to Tonga and Vanuatu**

### **The delegation**

- 1.1 From 22 July to 1 August 2009, an Australian parliamentary delegation visited Tonga and Vanuatu. The visit provided an opportunity for Australian parliamentarians to explore issues of common interest with their Tongan and Vanuatu counterparts, and find out about political, social and economic developments in Melanesia and Polynesia, as well as promoting opportunities to broaden and strengthen Australia's relationship with both countries.
- 1.2 The delegation was led by Mr Kelvin Thomson MP and included two Queensland Senators: Senator the Hon Ian Macdonald and Senator Claire Moore.

### **Aims and objectives**

- 1.3 The delegation's aims and objectives for its visit to Tonga were to:
  - Gain an appreciation of contemporary political, economic and social issues
  - Gain an insight into the progress made by the Constitutional and Electoral Commission on political reform
  - Gain an insight into Tonga's perspectives on recent developments in the region including developments in Fiji

- Gain an appreciation of Tonga's perspectives on the Pacific Seasonal Workers Pilot Scheme (PSWPS)
- Gain an appreciation of the effectiveness of Australia's development assistance program and visit an AusAID assisted project.

1.4 The delegation's aims and objectives for its visit to Vanuatu were:

- Renew links with the Vanuatu Parliament
- Gain an appreciation of contemporary political, economic and social issues, including Vanuatu's efforts at fiscal reform and rural development
- Gain an understanding of Vanuatu's perspectives on recent developments in the region including the Melanesian Spearhead Group (MSG) and developments in Fiji
- Develop an appreciation of efforts to develop the tourism sector
- Obtain an insight into Australia's Defence Cooperation Program with Vanuatu
- Gain an appreciation of the effectiveness of Australia's development assistance program and visit an AusAID assisted project.

1.5 The programs arranged by the Tongan and Vanuatu High Commissions, in conjunction with the parliaments, provided a range of opportunities for the delegation to meet these objectives. The delegation's observations are detailed in this report.

## Tonga

### Introduction

- 2.1 The Tonga archipelago consists of 169 islands, 36 of which are inhabited. The three main island groups are Tongatapu, on which the capital Nuku'alofa is located, Ha'apai and Vava'u to the north. 70 per cent of the population live on Tongatapu. There are 101,000 people altogether across the islands of Tonga.
- 2.2 The Kingdom of Tonga is a constitutional monarchy. It is the only Pacific nation never to have been controlled by foreign powers. The King is Head of State and presides over the Privy Council, which comprises 16 members of the Cabinet including the Prime Minister and the Governors of Ha'apai and Vava'u Islands groups. The King appoints the Cabinet ministers and the governors for life or until they receive his permission to retire or are asked to resign.
- 2.3 The current King is His Majesty King George Tupou V, whose royal family can be traced back over 1000 years. The Prime Minister, the Hon Feleti (Fred) Sevele, is head of government. He is the first ever commoner in Tonga to become Prime Minister.
- 2.4 Tonga has a unicameral legislature called the Fale Alea. The Legislative Assembly is comprised of the 16 members of the Cabinet, nine Nobles' Representatives (elected by the 33 Nobles) and nine People's Representatives (elected by the general population). Members of Parliament come from these groups and there are no political parties in Tonga. Elections are held every three years.

- 2.5 In July 2008 legislation was passed for the establishment of a Constitutional and Electoral Commission (CEC) set up to examine aspects of political reform. This followed on from previous reform processes started in 2005.
- 2.6 Tonga is held together by respect for rank and hierarchy comprised of the King, the Nobles, family elders and church leaders. The most respected person speaks on behalf of the group and being a consensus society there are rarely any dissenting views. The Tongan community is generally homogenous.

## **Economic and Trade issues**

- 2.7 Tonga has a small economy that is heavily reliant on remittances from Tongans living and working overseas. Annual remittances average TOP 200 million (AUD133 million). Foreign aid is the other main contributor to the economy. Tonga's main trading partners are New Zealand, Australia, the United States and Japan. Agriculture is the leading productive and export sector. The manufacturing sector is very small and declining in significance.
- 2.8 The main focus for expansion is on tourism, however its current contribution to the economy is modest. Tonga is suffering under the impact of the global economic crisis with lowering tourist numbers and a depressed business community. Economic growth, which for the last five years has averaged just 1 per cent, is expected to fall even below 1 per cent. The country experienced its own sub prime crisis with banks loaning to those who could not afford to repay and the ensuing foreclosures affecting homes and businesses.
- 2.9 The economy has been slow to respond to opportunities presented by previous economic reforms such as changes to taxation rates. Several extraordinary events, including a public sector pay strike and the 2006 November riots, have contributed to the stunted economic growth. The government's National Strategic Planning Framework recognises the problem and makes economic growth a top priority. Ambitious targets of expenditure and revenue have been set. Revenue and grants show an expected increase of 11 per cent and total expenditure, a 13 per cent increase. The increased expenditure is directed at improving the environment for business, infrastructure, vocational education, health and community development including roads, a new prison, police equipment, tourism marketing and health promotion. Projects will be

funded by the government, development assistance partners and through loans. Debt repayment is already over 30 per cent of GDP, with more than half being paid to China for a fully drawn down loan.

- 2.10 The Department of Finance is reporting that Tonga is not in crisis and has been buffered to a large extent from the global economic crisis by having limited exposure to the global financial markets and by relying on subsistence farming to meet food requirements. The delegation heard from foreigners living in Tonga that the economic situation may not be as positive as some are indicating it to be and that the lack of admission of the true situation is a result of 'Tongan pride' - a mix of optimism and historical prowess.
- 2.11 Remittances, a major contributor to the economy, declined by 12.3 per cent in the year to May 2009. These were partly offset by increased tourism and aid receipts. However fuel prices spiked internationally which pressured all activities and overall the economy remains highly vulnerable, according to the officials from the Department of Finance who briefed the delegation. Remittances make up over half of all revenue, not counting the cash that comes with returning workers and their families and the boxes of goods that are sent home. These goods are often surplus to needs and on sold creating a cash economy. Approximately 50-60 per cent of the remittance money comes from Tongans in the United States. The delegation heard several times that 'our people are our best export'.
- 2.12 Tonga has been particularly affected over the last five years by falling primary sector exports and a lack of replacement industries. As a response, in 2007 the government of Tonga established the National Economic Development Council, a TOP15 million (AUD9 million) initiative to stimulate economic growth by identifying and recommending to Cabinet policy initiatives for a private sector led economy. The Council, chaired by Prime Minister Sevele, facilitates private sector initiatives in agriculture, fisheries, tourism and infrastructure.
- 2.13 Australia is a major supplier to Tonga of tobacco, telecommunications, meat (excluding beef), iron, steel and aluminium structures. In turn Tonga exports vegetables, fruits and nuts to Australia. However the overall trade between the two countries is meagre.
- 2.14 Australia is Tonga's most important bilateral provider of development assistance. Total assistance to Tonga in 2009-10 is estimated to be at AUD21.3 million, which includes AUD14.9 million towards a bilateral program focused on reconstruction, business recovery, economic and public sector management, health, solid waste management, education and community development.

- 2.15 The People's Representatives talked to the delegation about unemployment issues. The unemployment rate is 13-14 per cent and higher among 18-24 year olds who make up 60 per cent of the population. Over the past 20 years, they explained, Tonga has been sending young people to the United States, Australia and New Zealand for education and employment but now these countries are trying to restrict numbers entering to secure opportunities for their own young people and so the number of school leavers and unemployed youth in Tonga is growing. The People's Representatives are concerned about the social problems associated with idle youth. The delegation saw evidence of the high levels of youth unemployment on the streets of the capital Nuku'alofa. It is exacerbated by the urban drift from the outlying islands to the 'bright lights' of the city.
- 2.16 The public service is a significant employer in Tonga with over 3000 staff. There are limited financial resources for the public service and although they are being offered a small pay rise this year, previously teachers, for instance, had to strike to get one. Those with qualifications seek jobs in Australia, New Zealand or the United States where the salaries are significantly better.
- 2.17 From all quarters the delegation heard that the Pacific Seasonal Workers Pilot Scheme (PSWPS) was proving to be a great success. 50 Tongan workers on seven month visas went to Robinvale, Victoria initially to pick almonds, but with the collapse of Tree Minders Pty, have been relocated to Mundubbera, Queensland and are working on the citrus harvest. A small group remain in Victoria based in Mildura, pruning table grapes. The high value and secure remittances are most welcome and the Tongan community are very keen to see the scheme not only continued but expanded. The delegation were informed by the Minister for Labour the Hon 'Akolo, that a second group were due to leave for Australia in July but this has not yet happened due to the impact of the global economic crisis and Australia's own resultant unemployment levels. Prime Minister Sevele, highlighted to the delegation the need for the scheme to be maintained and, in time, expanded.
- 2.18 There is no large agriculture production in Tonga. It is mostly eight acre bush plots that grow enough for family needs and a little extra for sale at roadside stalls or markets. The delegation heard from the Chamber of Commerce that although Tonga is self sufficient in root crops, there is a need for increased livestock production and maize to feed the animals. Two years ago Tonga had overseas contracts for maize but could not get the necessary public/private partnership to be able to supply the required amounts and lost the contracts.

- 2.19 The bulk of the population have access to farming land that would enable them to meet 80 per cent of their protein needs from meat, yams, taro and sweet potato. The delegation learned that in the last 20-30 years there has been a decline in self-sufficiency and an increase in commercial dependence. At times in the past there have been successful niche products such as vanilla from Vava'u when the Madagascar production was temporarily halted and squash for the Japanese market for a few months of the year when other suppliers were in the off-season but now taken over by Mexico. There are still some off-season opportunities but distance from the market, the small scale production, and difficulties in dealing with some countries have made these unattractive to the Tongan farmers.
- 2.20 The People's Representatives raised with the delegation the matter of the current two kilogram restriction on the amount of kava that can be brought into Australia. They made a case for it being lifted to five or even ten kilograms, arguing that the kava ceremonies are a fund raising activity among Tongans living overseas and would not only help the kava industry in Tonga but create another source of overseas earnings.
- 2.21 Export to surrounding neighbour nations has been suggested as a way to economic growth but generally neighbours produce the same crops and their import restrictions can be even tighter than those of New Zealand and Australia. For example a double fumigation requirement is in place for tomatoes to Pacific neighbours. Some uniquely Pacific crops are now even grown in Queensland, further reducing export potential. On the positive side, Tonga is a very fertile place with good sunshine and rainfall providing excellent growing conditions.
- 2.22 The United Nations has pledged TOP7 million (AUD4.2 million) to improve products for export, including agricultural products. Tonga is also working with New Zealand quarantine and customs to improve access for Tongan products. Bio security access constraints were the number one issue for exports, according to the Chamber of Commerce. The delegation heard that fumigation facilities, for example, to ensure products were accepted into export markets would be extremely helpful.
- 2.23 Pacer Plus regional trade and economic agreements have some member countries worried about losing revenues through free trade. Labour Minister 'Akolo, recommended more consultations with stakeholders to counter the view of some, that Australia and New Zealand stood to benefit most from Pacer Plus. He said the way to build up Pacific Island economies was to increase agricultural production, as there is little else to trade. He was keen to have services, as well as goods, included in the

scope of Pacer Plus as Pacific Islanders were ready to relocate and people are one thing they have got a lot to offer. The delegation was made aware of a call for a new approach to negotiations on Pacer Plus, suggesting it is an economic co-operation agreement, with the Pacific's development at its core, that is needed, not the standard free trade agreement. Loss of government revenue from tariff reductions is a risk associated with a standard free trade agreement. A new framework is recommended that identifies constraints to economic development and targets new funding and support for priority sectors in Pacific countries including small business, agriculture, fisheries, tourism and cultural sectors.

## Tourism

- 2.24 New Zealand and Australia provide the largest numbers of tourists to Tonga, although Tonga is attempting to attract American and European tourists. Immediately following the unrest in Fiji, Tonga experienced a small increase in tourism but this has now dropped off again as tourists return to Fiji. Tonga has sought AusAID and NZAid support to promote Tonga as a holiday destination in their respective countries. Overall Tonga has seen an increase of more than 50 per cent in tourism in the last few years. Members of the Chamber of Commerce say it is unclear as to whether this growth is pure tourism or friends and family, as there has not been a parallel growth in tourist infrastructure that would be expected with additional international tourists.
- 2.25 Tourism is viewed as the sector with the greatest potential for development, however Tonga currently lacks the infrastructure such as resort hotels, that its competitors in Vanuatu and Fiji possess. Nor are there funds available to develop the required tourist facilities.
- 2.26 Tonga is known as the 'friendly islands' and the delegation was told Tonga needs to capitalise on this and its uniqueness, safety and harmony. One important resource it does have is the presence of whales that come to mate and calve around the northern island group of Vava'u. Here tourists can swim with the whales, one of only two places in the world where this can occur. With its sheltered anchorages, Vava'u is also a haven for yachts and a world renowned sailing centre. On average every year 430 yachts arrive carrying 1350 visitors. But again, as the delegation experienced, the infrastructure to cater for any great tourist numbers is lacking. The whaling tourism business is seasonal, approximately five to six months a year. Staff turnover is high as staff have to be laid off for a large part of the year and may have moved on before the beginning of the next season.

This also results in a lot of staff training and retraining. The guides, wait staff, boat drivers, maintenance engineers and other workers have to be re-hired. For those that stay all year there is the problem of making the high earnings of a few months last all year.

- 2.27 Representatives of the Vava'u Tourism group met with the delegation. They reported on their attendance at, and learnings from, the PATA Travel Mart in September 2008 in Hyderabad, India. The main hurdles to tourism growth in Tonga are the travelling public's lack of knowledge of its whereabouts, the distance and hence cost, to reach it, the absence of 5 star hotels and package deals.
- 2.28 As Tonga has no national airline it is reliant on other airlines to continue to include Tonga on their routes and is at the mercy of those airlines in relation to schedules. This makes it difficult to develop and advertise package holidays or give tourists the flexibility they might need to include Tonga in their itinerary. New Zealand agreed to keep the Air New Zealand route to Los Angeles going through Tonga and Samoa, if the respective Governments provided a subsidy of US\$2.5 million. Both countries objected. Tour operators on Vava'u told the delegation that tourism will die if Air New Zealand does not continue to keep Tonga as a stopover.
- 2.29 Recommendations from the Vava'u Tourism group representatives to improve the overall image of tourism in Tonga include renewed promotional material with an updated DVD, production of brochures showing maps with airline and cruise ship linkages, plus a revamp of the *www.tonga.holiday.com* website. The delegation considered that without the underpinning of improved infrastructure such as airport upgrades, resort hotels, shopping facilities and improved roading, the efforts would be futile. The Ministry of Tourism is now providing funding for international advertising and the private sector are working with them to provide the content and expertise.
- 2.30 The People's Representatives expressed concern that as far as possible every tourism dollar earned in Tonga should stay in Tonga. This involved creating policy around the land tenure system that ensured funds on leased properties accrued for Tonga and also involved the development of management skills among Tongans rather than being content to be employees. In Vava'u of the 55 tourism operators, 95 per cent are overseas interests and only 5 per cent are locals. Australia was asked to assist with training and empowerment of local people to get them involved and moving forward. The Governor pointed out that one of the pressing problems is lack of law enforcement and search and rescue teams that

would help to safeguard the assets. For instance there has been some reef damage caused by visitors but the traditional owners are powerless to take action. Again he sought Australia's help in providing resources to meet this need.

## Development Assistance

- 2.31 As Tonga's major development partner, Australia expended AUD13.4 million in the 2007-08 year to assist Tonga to achieve political and economic reform; broad based economic growth and effective service delivery; and to build an effective private sector to facilitate poverty reduction.
- 2.32 Partnership for Development Agreements are the new initiatives where AusAID assists in government identified key priority areas such as public sector efficiency, health, vocational education and infrastructure development.
- 2.33 Australia continues to work with Tonga through the Tonga Business Recovery Facility, which is a joint initiative between the governments of Tonga, Australia and New Zealand, to assist businesses and increase liquidity in the economy.
- 2.34 Lord Tu'ilakepa, the Speaker of the House, said he was deeply indebted to the Australian Parliament for all the assistance given through the Commonwealth Parliamentary Association Education Trust Fund to the Tongan Parliament over the years in the provision of training and equipment for the parliament.
- 2.35 The People's Representatives asked whether Australia was going to increase its aid to Tonga. The delegation and High Commissioner responded that despite the global economic crisis Australia had increased its overall aid budget by AUD21 million. Separate monies had been set aside for the work of the Constitutional and Electoral Commission and the broader aid program was not linked to the political reform.
- 2.36 En route from Vava'u to Nuku'alofa the delegation met with representatives of the US-sponsored Pacific Partnership Mission at the Pangai airport who were completing their project. They had arrived on the shores of Ha'apai on July 14 from the United States Naval Ship *Richard E. Byrd* bringing a team of doctors, veterinarians, and dentists to conduct a 13 day 'blitz' of medical and civic missions ashore. The project

involves not only the Australian Army and Royal Australian Navy but also the US Navy and various personnel from around the region.

## Defence Cooperation

- 2.37 The Defence Cooperation Program, which is now in its 20th year, provides support to 12 countries including Tonga. Australia has supplied three patrol boats. The five Australian Defence Force staff are responsible for training the crew, managing maintenance, fuel supply, spares and stores and the refit program for extending the life of the boats. However the delegation heard that the patrol boat could be more effective than it currently is in terms of the number of days it is deployed for surveillance work. There is a need to manage the expectations of Australia's on going contribution to this and other defence areas in view of the budget restraints imposed on the Department of Defence. Currently over 100 Tongan defence personnel are given training in Australia each year.
- 2.38 The Tongan Defence Services are 600 strong and growing, possibly up to 1500. They are a young, yet very professional army, with the average age of personnel being 19 years old. The delegation observed the army rehearsing on the parade ground for the King's upcoming birthday celebrations. The Tongan Defence Services are committed to supporting international deployment and continues to pay the salaries of their own soldiers who are deployed. The delegation learned that the defence force was often used instead of the police. The government would call upon them in the same way as Australians would seek assistance from the police. This was in part due to the perception of the police by the key stakeholders as ineffective and also due to relatively poor performance at the time of the riots in November 2006.
- 2.39 The Tongan police force was depleted over the 15 years after the British assistance program ceased and is in need of strengthening. Australia has committed AUD2.5 million, matched by New Zealand, with another AUD400, 000 from the Tongan government, for a capacity building project to help the police get its tactical support ready. It was reported to the delegation that the partnership was going well and was likely to be used as a model for other Pacific countries. As well as recruiting new staff, including women, the project has created a 'beat section' with renewed imaging that features new uniforms and 9 new vehicles.

## Education and Training

- 2.40 Historically Tongan educational achievements were impressive with high attendance rates for boys and girls and 98 per cent literacy. There has been a gradual decline, the delegation was told, partly to do with the standards of teaching and partly to do with resourcing. Public schools have been more affected than church run schools, which have better access to funds.
- 2.41 The delegation heard from more than one source that the quality of education has dropped across all areas and is particularly lacking in science, commerce and mathematics. The quality of teaching has fallen and the quality of training, including teacher training, through the University of the South Pacific (USP), has declined drastically, they were told. This was also affecting the quality of the middle and senior level of the civil service. Secondary education is still very academically based. If a student is not going on to higher education they leave school early. There is little employment on offer or alternative technical training available. Some Tongan high school graduates need a bridging course to get into an Australian university, which is indicative of the standards being reached. To address the problem of decreasing educational standards, Tonga is recruiting more principals and senior teachers from New Zealand.
- 2.42 There is also keenness for more Tongans to go to Australia and New Zealand for higher education. Currently Australia offers around 30 scholarships but most of those are for students to attend campuses of the USP not Australian universities, which would be preferable. China is taking an interest in the Pacific and has upward of 50 Tongans studying in Beijing on scholarships, with another 30 being processed.
- 2.43 A new Ministry of Education, Training and Sport has been created and will focus on vocational training, an identified priority. The People's Representatives want technical vocational schools for training young people. They considered the current offerings were not up to a high enough standard. They also raised the need to rebuild maritime training in Tonga which had deteriorated in recent years from a previously high standard.
- 2.44 Interestingly the delegation learned that there was a need to shift the thinking of Tongans who were generally brought up to aim for white collar jobs. Tonga is desperately in need of trade skills but the local aspirations are for higher level academic qualifications. There is a shortage of plumbers, engineers, mechanics, electricians and chefs. Currently however there is no accreditation or certification in Tonga for trade skills. Even if skills are acquired through on the job training they are not

transferable when a person goes overseas looking for work. The High Commissioner informed the group that the new AusAID program includes vocational and technical training in schools, recognising that not all school children are academically inclined. Literacy levels, like health indicators, were being reported as high but the delegation was told that figures needed to be reviewed and the reporting made more robust.

## Energy

- 2.45 Access to an on going, affordable supply of energy is a major concern. Currently all fuel is transhipped from Singapore through Fiji, adding TPO10 cents a litre to the price.
- 2.46 Electricity is currently supplied from diesel generators which is expensive and has detrimental environmental side effects. The previous owner of the electricity network, the delegation was told, did not invest in infrastructure and it is estimated that currently as much as 18 per cent of power generated is lost during distribution. There is a need to decide whether to fix what is already available or to invest in alternative, renewable energy sources. By 2012 Tonga is aiming to produce 50 per cent of its electricity from solar power. A one megawatt solar facility is being set up with New Zealand assistance.
- 2.47 Investigations over five years into biomass and wind as alternative energy sources have unfortunately concluded that there is not enough usable land or wind for either of these options to be pursued.

## Environmental issues

- 2.48 There is evidence of climate change in Tonga particularly on the lower lying island of Nuku'alofa where it was once possible to walk from island to little island at low tide but that has been lost. The sea now permanently covers some traditional shell gathering areas and the water is even encroaching on customary burial grounds.
- 2.49 Tonga recently established a Ministry of Environment and Climate Change, with a staff of 38, improving its negotiation and analysis capacity in preparation for Copenhagen climate change negotiations. Two AusAID Australian Youth Ambassadors are part of Tonga's climate change team. Tonga negotiates through the Alliance of Small Island States (AOSIS)

which includes Tuvalu, a Pacific island which is being dramatically affected by climate change.

## **Fisheries**

- 2.50 Western and central Pacific Ocean tuna fisheries are the world's most valuable tuna fisheries. Recent assessments by the Pacific Islands Forum Fisheries Agency (FFA) indicate that big-eye and yellow-fin tuna, two of the main catch in the region, are under immediate threat of overfishing. In Tonga there has been degradation of the fish stock with overfishing of onshore areas and stocks of deep sea fish moving north towards the Solomon Islands. The cost of catching fish has increased with the cost of fuel, leading to declining fishing efforts. Even local people, the delegation was told, are finding it hard to afford to fish.
- 2.51 Selling to the nearest canneries in American Samoa is not profitable as there are just one or two conglomerates which control all the pricing and there is the high cost of transporting the catch to them. Tuna is the main catch and the price for it has been just TOP2 for 20 years or more.
- 2.52 Sea cucumber, like seaweed, is keenly sought after by the Asian market and therefore more lucrative to harvest. In hindsight it should have been cultivated but now there is risk of it being fished out and subject to a five to seven year ban on collection. Recently quotas were raised in recognition of the hard economic times but this has just exacerbated the long term situation.
- 2.53 Fishing is not yet a well organised industry in Tonga. Some, although very few, fish are exported. With New Zealand's help the Tongans are exploring the south of their islands to see if there is opportunity for an export industry. The Chinese were involved in fishing in Tonga but have withdrawn to other more lucrative areas.

## **Foreign Relations**

- 2.54 Tonga's relationship with Fiji is a friendly one but has always been tinged with a sense of competition. There are longstanding connections with Fiji in terms of trade and education. About 800 Fijians live in Tonga and it is the route through which almost all visitors and most imports come. Tongan tourism increased temporarily following the coup in Fiji.

- 2.55 The delegation was informed that China is currently presenting “vividly” in Tonga and could potentially get a foothold with a new government formed under new rules. Australia was asked to help Tonga through this, to respect Tonga’s sovereignty and autonomy but watch and provide support as Tonga is putting the changes into place.

## Health issues

- 2.56 The delegation met with the Deputy Prime Minister, Minister for Health and Acting Minister of Police, Dr Viliami Tangi, for discussions on health issues. Dr Paula Vivili, Senior Medical Officer from the Ministry of Health, presented a briefing on the major health issues facing Tonga.
- 2.57 Non-communicable diseases, including heart disease, high blood pressure, diabetes, obesity and lung disease are the main public health problems. They are responsible for four out of five of the most common causes of death.
- 2.58 Currently over 10,000 people are suffering from non-communicable diseases in Tonga. The major causes are unhealthy diet, physical inactivity and smoking. 90.6 per cent of adults are overweight and 67 per cent obese. 18 per cent of the population have diabetes, compared to 6 per cent in Australia. The health statistics have shown an alarming trend.
- 2.59 The late 1960s saw an upsurge in the availability of fatty foods at about the same time as more vehicles came on to the islands, reducing the need to walk. This combination has contributed to the increase in obesity. Tonga has so far resisted the entry of Kentucky Fried Chicken and McDonalds outlets but there are island equivalents available.
- 2.60 There is a culture of feasting in Tonga particularly around celebrations such as the King’s birthday but also associated with the many church functions that are held. The delegation heard from several sources that growing up in this feasting culture has a significant impact on obesity starting from an early age.
- 2.61 Like other countries, Tonga is trying to reduce smoking by increasing the tax on cigarettes and hence increasing the price to help slow sales, banning advertising by cigarette companies and also implementing legislation against the sale of loose cigarettes which can currently be sold singularly.
- 2.62 Tongan patients suffer disproportionately with fewer medical services and interventions available. A total of 61 doctors are in Tonga with very few on outlying islands. There is no dialysis machine in Tonga. Patients must

travel to New Zealand at a cost of NZD100,000 per year, which for many is prohibitive. Teams of Australian surgeons, such as Ear, Nose and Throat specialists, come out for short term work reasonably regularly.

- 2.63 Nurses are trained locally in the hospital. The Nursing School offers a three year training program. The few doctors that undertake the six year training generally go overseas when they qualify and because of the higher salaries and opportunities, very rarely ever return.
- 2.64 A statutory body, called TongaHealth, has been set up with government and development partner funding to address the problem of non-communicable disease and promote healthy living. AusAID is a major funding partner. Health promotion is being done through the schools, workplaces and in the churches to try to involve the whole community.
- 2.65 Sadly the incidence of domestic violence is increasing. There is difficulty in providing shelters and no formal foster care system exists.

## Land Issues

- 2.66 Land cannot be legally sold in Tonga. The Crown owns all the land with long-term tenure being the way in which land is allocated. Traditional leases were TOP80 cents an acre. The term of the lease can vary from 20-50 years, up to a lease in perpetuity. All lease applications are prepared by the Land Commission and go to Cabinet for approval. Rarely are they rejected unless there is a rival claimant or the deed is under dispute. Lease on land can be sold, released and mortgaged. In years past there had been a move among locals to take land off Tongans who reside in Australia and New Zealand but the late King did not agree so the issue was dropped.
- 2.67 The delegation became aware in discussion with one of the Nobles' Representatives that there was agitation for changes to land tenure arrangements and whilst people were generally supportive of the need for political change, they were worried about the effects of this on land tenure.
- 2.68 One of these changes concerns the rights of women to land. Tongans have respect for women but in terms of property, women have few rights. They can lease land, as every Tongan has the right to lease land for a residence and for farming. However land is held in the name of the man and only goes to the wife if her husband dies and then only until she dies, when it goes to the son. Traditionally the man is the main provider and looks after his family but with the changes of modern life, independent women and

multiple careers, the relevance of these customary land laws is being challenged.

- 2.69 The delegation was informed that the Tongan Land Commission was travelling to Auckland and Wellington to see how the Torrens system works and also to Samoa to study their system of traditional land holdings.

## **Constitutional and Electoral Reform**

- 2.70 Australia is providing AUD1.5 million over three years to support the Government of Tonga's constitutional and electoral reform program. Primarily the support is to facilitate the work of the Constitutional and Electoral Commission (CEC), civic education programs, the running of the 2010 elections and parliamentary training. The New Zealand and Tongan Governments are also contributing AUD1.5 million each to the reform project. Tonga's contribution is the Secretariat.
- 2.71 The CEC, set up under an Act of Parliament, was given a 10-month assignment to produce a final report, with recommendations and the enabling Bills, by November 2009. Over 70 submissions were received, 27 of them written submissions, which was considered a high number as Tongan culture is an oral one. The CEC released an interim report in June 2009. The key themes raised in this report are around the monarchy, the Privy Council, the Cabinet, the legislature and the electoral system. The interim report has been generally well received and described as a good sign that reform is underway and not just being discussed.
- 2.72 The report is in the form of a discussion paper rather than a set of conclusions. From this paper it is clear that the structure of the Legislative Assembly will change. However the composition of constituencies is yet to be determined and debate continues about an appropriate model which balances democratic representation with the traditional monarchy. The number of People's Representatives is set to increase in the next elections in 2010 and the Prime Minister and the Cabinet will comprise of elected rather than appointed Members of Parliament. This is new and a radical departure from the current situation. It is unclear as to whether the King's appointment of four outside members to the Cabinet will continue. It is possible the need for specific expertise not found within the Cabinet may mean this practice will continue, at least for a while, after the reforms are put in place.

- 2.73 From different sources there was a consistent message the delegation heard in relation to constitutional and electoral reform. It was that Tonga is a very conservative country which is only prepared to embrace changes where the need to do so is demonstrated and even then at a very gradual rate. Parliamentary reform has been ongoing since 2000. Tongans are proud of their history, their uniqueness and cautious not to disturb the equilibrium of power. Changes Australians might view as extremely small and slow, the Tongans saw as radical. The Prime Minister termed the changes as 'revolutionary in many ways'. Lord Luani, the new Governor of Vava'u, advocated caution in the adoption of the changes, suggesting Tonga go forward incrementally, obtain success with a little and then do more.
- 2.74 There was concern expressed to the delegation by the People's Representatives that the effects of the global economic crisis would somehow be blamed on the electoral reform and cause the people to be reluctant to embrace the changes.
- 2.75 The Chamber of Commerce voiced the concerns of the private sector that despite the reforms going ahead, it has not yet heard what is going to be delivered to the electorate with the new powers. The Chamber fears possible new Ministers may not have the necessary expertise to competently manage their portfolios. The policy directions are not clear, nor the structural changes and what will their effects be. The Chamber has not made a submission to the CEC as it sees its role as a lobbyist on behalf of stakeholders and does not to get involved in the parliamentary processes. However the delegation encouraged it to reconsider this as it has a strong interest in creating certainty and continuity for business.
- 2.76 The delegation was interested to learn that the King, who stands to lose the most power by the proposed changes, is driving the push for greater democracy. While the people are pushing for preservation of the status quo the King is moving to put more power in the hands of the people.
- 2.77 The Speaker felt that the greatest constraint to the constitutional and electoral reform was the general lack of understanding by the public. Some people, he said, were holding on to things that were not political but they were claiming them to be. With civics education being run by the government, some Tongans felt there was a perception that it was not as impartial as it should be and suggested the best way was for it to be delivered by the People's Representatives themselves.
- 2.78 The delegation was told that the challenge before Tonga is how to move to a new voting system. Traditionally they have had island wide based constituencies rather than single member constituencies. Both the

Speaker's and the Prime Minister's perception was that the people wanted single member electorates in the island constituencies but the members themselves had a problem with it. Many of the members lived on the main island, not on the islands they represented. Tongatapu, the main island, posed a problem with its large number of residents which would equate to at least 10 representatives if they went the way of single member constituencies. Geographical boundaries are currently being drawn up based on the 2006 census. The Prime Minister informed the delegation that although the Electoral Office currently comes under his area of responsibility, it will definitely be moved.

- 2.79 Ministers are accountable to the Privy Council and His Majesty and to a lesser degree, the House. Through the proposed reform there would be more accountability to the House. The Speaker expressed his support for the parliamentary committee system and his hope that the Tongan parliament would have a more vibrant one in the future including annual reports being subject to the committee system. Estimates hearings are held at the offices of the relevant department and parliament always visits outlying islands each year.
- 2.80 Parties are an emerging issue in Tonga. Currently there are no political parties and some were not in favour of them as they considered they had the potential to divide Tonga, which is a small parliamentary system. The delegation pointed out the advantages of parties to represent different interests, provide coherence on policy and policy direction plus support for individual members. The People's Representatives asked for assistance in establishing a political party system. The delegation pointed them to the Australian National University's Centre for Democratic Institutions (CDI) who has done quite a lot of work in the Pacific with the mechanics of political party development.
- 2.81 The reform schedule has the Commission finally reporting to the Parliament in November 2009 at which time the Speaker will advise His Majesty and depending on how much work is required by way of legislative changes he will decide whether parliament continues or not.
- 2.82 The Secretariat will continue after the CEC reports to ensure implementation. They are seeking Australian and New Zealand continued support. The delegation was asked by the Chamber of Commerce for Australia's support to assist with the transition. The delegation were told that it would be important for there to be close dialogue between the King and the Crown Prince, Tonga's High Commissioner in Canberra, so reforms that are put in place are carried on and supported beyond the current King's reign.

- 2.83 In its interim report the CEC suggests allocating a quota of seats to women as a temporary measure in the next two elections. This would facilitate women gaining experience and encouraging active participation which would hopefully continue after the quota allocation ceased. It was pointed out to the delegation that a few high profile roles are held by women in Tonga, including the Governor of the Reserve Bank, but that politics for women was not a priority and generally Tongans were not in favour of allocating a set number of seats in parliament for women. The delegation also heard that in Tongan society women are more highly ranked than men but being a parliamentarian was not a traditional role for women. The nature of inheriting Noble titles, which are only held by males, disadvantages women, reducing the number of seats for which they are eligible to stand for election.
- 2.84 Another controversial issue the interim report addresses is the voting rights of Tongans living overseas. Currently they can only vote if they return home to cast their vote. There is no postal voting. But with a High Commission in Canberra and a Consul in Sydney it would be possible to have overseas Tongans cast their votes or enable them to vote representatives of the overseas communities on to the Legislative Assembly. The contribution the remittances of these people make to the Tongan community is significant, giving more clout to their argument. Voter turnout at the last election was about 60 per cent. Voting is compulsory for over 21 year olds.

## **Parliamentary Links**

- 2.85 The delegation was informed that there were currently better linkages between the Australian State parliaments, and in particular the twinned Parliament of South Australia, than there was between the Tongan Parliament and the Australian Federal Parliament. Until recently few Members of Parliament or Ministers had come to Tonga. They welcomed the change of emphasis and the level of interest now being shown in Tonga.
- 2.86 As part of the United Nations Development Program (UNDP) parliamentary support program, Adjunct Professor Peter Loney of La Trobe University, Melbourne, carried out a legislative needs assessment in Tonga in September 2008. The large numbers of recommendations contained in the report were prioritised into short term (from now until the next election in 2010) and medium term (3 years immediately following the election) groupings. The report proposed that technical

assistance and training, especially that required in the short term, be provided by the South Australian Parliament, subject to its approval.

- 2.87 There is no date set for the next elections but is expected to be around November 2010. If this coincides with an Australian federal election the delegation pointed out that there could be resourcing impacts for the Australian Electoral Commission, which has agreed to assist with the first election under the renewed constitution as requested by His Majesty.
- 2.88 The High Commissioner noted that the transition period which will accompany the election and settling in of the new Legislative Assembly will be challenging and will require considerable assistance as currently the resources of the Assembly will be inadequate to meet this task.
- 2.89 The Speaker pointed out that the Parliament buildings were very old, having been built in 1875. The delegation noticed on their tour of parliament that there was no provision for either a public gallery or a press gallery in the current building. Should the electoral reform include expansion in the number of People's Representatives there is an immediate problem as to where they can be seated in the House.
- 2.90 The delegation also learned that a youth parliament was re-established last year and was a resounding success, helping to give young people ideas of what happens in a parliament and building a democratic culture.
- 2.91 Parliament sits for six consecutive months of the year, usually opening in May and closing in November. However, parliament opens and closes at the discretion of the King, so exact dates are difficult to determine beforehand. Parliamentarians from the outer islands stay on Tongatapu, the main island, for those weeks and return to their home islands in between.
- 2.92 When parliament is in session, sitting days are Monday, Tuesday and Thursday, from the hours of 10am to 12 noon and from 2pm to 4pm. Wednesdays and Fridays are when Cabinet and the Standing Committees or sometimes the Select Committees usually meet.
- 2.93 Discussions with the Clerk and Deputy Clerk concerning the Needs Assessment Report highlighted some of the priority areas for the parliament. The staff of the parliament are all political appointments, appointed for 3 years and reappointed by secret ballot in the House. This process can compromise the quality of the staff, as there is no opportunity for a competitive process to recruit people with the required skills. The delegation supported the call for a Parliamentary Service Commission to be established and this need has been communicated to the Australian Parliamentary Service Commissioner. Other priorities included new

Hansard equipment and training of staff to use it, more assistance in the chamber and a specialised drafting office, as this work is currently undertaken by the Deputy Clerk.

- 2.94 Several of the people the delegation met with raised Tonga's need for a legislative drafter to put the policy directions set by the government into workable legislation. There have been some recent examples of poorly worded legislation having unintended consequences. The constitutional and electoral reform will create the need for a lot more Bills to be drafted.
- 2.95 Overall the Clerk's office was of the view that technical assistance coming to Tonga, especially if it could be for a reasonably long period of four to six months, was more valuable than one or two training attachments in Australia.

## **Australia-Tonga relations**

- 2.96 Australia and Tonga enjoy a close bilateral relationship. Australia, along with New Zealand and the United States, continues to be a favoured option for Tongans seeking education, travel and business. Tonga is slowly growing as a holiday alternative for Australians, assisted by the availability of a direct flight from Sydney.
- 2.97 There is a large and growing number of Tongans (about 100,000) living overseas with the greatest number in the US, followed by New Zealand and Australia.
- 2.98 Historically Tongan migrants have come to Australia to study, work or join family members, a pattern that can be traced back to the 1970s when New Zealand ceased its contract worker scheme and many Tongans previously employed by the scheme came to Australia looking for work. Later their family members joined them under the Family Migration program. Tongans have tended to migrate in families and maintain strong kinship ties.
- 2.99 The Tongan community in Australia is over 7500, with the largest groups in Victoria and New South Wales and smaller groups in the ACT and Brisbane. 90 Australians are known to live in Tonga.
- 2.100 Tongans have achieved notable success in sport, including contributing to the Australian Rugby Union and Australian Rugby League teams. The immediate past President of the Uniting Church for Victoria and Tasmania is a Tongan-born Australian.

- 2.101 Prime Minister Sevele, talked to the delegation about the good relationship Tonga has with both the current and previous governments of Australia. He highlighted the valuable assistance given and spoke specifically about the seasonal worker scheme reiterating his keenness for the scheme to not only continue but to increase. Tongans have worked on a similar scheme in New Zealand but he commented that Australia had a much larger economy than New Zealand so there were more opportunities for this type of work.
- 2.102 The Minister for Labour talked to the delegation about some of the less obvious benefits of the seasonal worker scheme such as the two weeks of English language training given before departing Tonga; the development of a work ethic around the stamina required for long hours to earn high wages; and the potential to build up enough cash to invest in a money making venture such as a boat or farm machinery on their return. He also raised some of the negative impacts such as too many workers overseas leading to manpower problems at home; with almost all of the workers coming from the rural areas it has done nothing to assist urban unemployment; the effect it has had on the rise in labour wages at home and the social cost of sending fathers and husbands away for seven months at a time.
- 2.103 The delegation was told that there are currently over 20 skilled young Australian volunteers, aged 18-30, with the Youth Ambassadors for Development (AYAD) scheme, on short-term assignments in Tonga.
- 2.104 A recent rejection of entry visas for the majority of the members of the Tonga National Cultural Centre Dance Group, who had full support of the Tongan government and was wishing to undertake a tour of Australia, has resulted in angry criticism from the Tongan Minister for Tourism the Hon Fineasi Funaki MP. Applications are prepared in Nuku'alofa, Tonga but are processed by the Department of Immigration and Citizenship office in Suva, Fiji. The delegation is of the view that the systems need to be reviewed and ways found to provide greater understanding of decisions, in order to mend relationships. The feasibility of processing visas in Tonga should be reconsidered.
- 2.105 At the Pacific Islands Forum (PIF) meeting in Cairns in August 2009 Australia expected to sign a Pacific Partnership for Development agreement with Tonga. Prime Minister Sevele was a keynote speaker at the Lowy Institute for International Policy pre Forum meeting entitled 'The Pacific Islands and the World: The Global Economic Crisis'.
- 2.106 Australia and Tonga work closely in the PIF and cooperate in the Regional Assistance Mission to the Solomon Islands (RAMSI) through contribution

of military and police personnel. Tonga is also an active member of other Pacific regional organisations and has been influential on a number of regional issues including transport, telecommunications and fisheries.

- 2.107 Tonga is a member of the Commonwealth, the Asian Development Bank, the United Nations, which it joined in 1999, and various specialised UN agencies. Tonga became the 151<sup>st</sup> member of the World Trade Organisation in July 2007.
- 2.108 Following the riots in November 2006, 52 Australian Defence Force personnel and 61 Australian Federal Police were deployed from Australia to assist with restoration of law and order.
- 2.109 The delegation's visit sought to build on visits by the Australian Foreign Minister, the Hon Stephen Smith MP, in June 2009 for talks on the global recession and the PIF agenda; the Parliamentary Secretary for Pacific Island Affairs, the Hon Duncan Kerr MP, in May 2009 to discuss support for Tonga's constitutional and electoral reform; the Australian Trade Minister, the Hon Simon Crean MP, with the Parliamentary Secretary for International Development Assistance, the Hon Bob McMullan MP, in April 2009 to consult with their counterparts on trade and development issues including the proposed Pacer Plus Free Trade agreement.
- 2.110 A number of key senior people the delegation met in Tonga expressed their pleasure at the interest and concern Australia was now showing through increased visits and interaction with Tonga. "Simon Crean, Bob Mc Mullan and Duncan Kerr are becoming well known in the Pacific and developing personal relationships," observed the Hon 'Akolo.
- 2.111 The Tongan Government established a permanent diplomatic mission to Australia in August 2008, with the first High Commissioner being the Crown Prince HRH Tupouto'a-Lavaka.
- 2.112 The Australian High Commission to Tonga, established in 1980 is headed by HE Mr Bruce Hunt and assisted by three Australian based and five locally engaged staff. AusAID have one Australian and nine locally engaged staff also at the High Commission. The Australian Defence Force has five personnel and the Australian Federal Police has two police officers and an administration support person.
- 2.113 At the parliamentary level, the delegation considers there should be more frequent opportunities for Australian and Tongan parliamentarians to share knowledge, experiences and views with each other, to build on the relationship between our two countries. The delegation presented an invitation to the Speaker of the Parliament, the Hon Lord Tu'ilakepa MP, for a group of four parliamentarians and a delegation secretary to make a

return visit to Australia, encouraging them to take up the invitation as soon as practical. The Speaker was truly surprised and delighted by the letter of invitation.

- 2.114 Appreciation for the funding committed by Australia to the reform process was expressed to the delegation.



## Vanuatu

### Introduction

- 3.1 Vanuatu, an archipelago of 80 islands, lies 2000 kms north east of Brisbane in the Coral Sea. It was formerly known as the New Hebrides and was jointly governed by Britain and France until independence in July 1980.
- 3.2 Vanuatu became the first republic in Melanesia. The head of the Republic of Vanuatu is the President. He is the constitutional Head of State and is elected for a 5 year term by the Parliament and the heads of Vanuatu's six provincial governments. The former President, His Excellency Kalkot Mataskele, (whose term expired in mid August 2009) described his role to the delegation as similar to the Australian Governor General, with some appointment powers in consultation with the parliament and island leaders, known as the Great Council of Chiefs.
- 3.3 The Great Council of Chiefs is provided for in the constitution. The Council has two primary functions: to ensure the culture and customs of the islands, including language, are preserved and to support the government through promoting stability. Some chiefs are also Members of Parliament.
- 3.4 The parliament is a 52 member unicameral parliament elected for a 4 year term. The last national elections were held in September 2008 and put in power a coalition government made up of the Vanua'aku Party, the National United Party, the Vanuatu Republican Party and the Union of Moderate Parties, plus some single member parties and independents.

## Economic and trade issues

- 3.5 After some years of negative growth, the Vanuatu economy has recently experienced strong and sustained growth largely driven by tourism and construction. The Prime Minister confirmed that the economy, led by the private sector, was going well and producing surpluses. However the impact of the global economic crisis is expected to slow growth to an estimated three to three and a half per cent in 2009. The Governor of the Reserve Bank noted that in particular foreign investment had been affected. He identified tourism as the main source of growth and commented that although it was going well, spending had been pegged back from previous levels. Real estate development, especially for tourist facilities, has experienced a boom. Development has been largely focused on the island of Efate and in particular the capital, Port Vila.
- 3.6 The economy also relies heavily on agriculture. Over 70 per cent of the population live in rural areas and engage in subsistence farming with surpluses traded for other essential commodities. Agriculture is beginning to diversify with cocoa, coffee, kava, pepper, squash and hides but the primary resource is still copra.
- 3.7 In 1998 Vanuatu introduced a Value Added Tax (VAT), currently 12.5 per cent, and reformed its tariff structure. Revenue is mostly raised by these indirect taxes. Vanuatu is a tax haven. There are no income taxes collected from individuals or corporates, no capital gains taxes and no death duties. This limited revenue base makes it difficult for the government to deliver services. The delegation's enquiries about taxation matters revealed the Government has established a taskforce to take forward Tax Information Exchange Agreements.
- 3.8 VIPA, the Vanuatu Investment Promotion Authority is a statutory authority, fully detached from government, which is undertaking a program with the International Finance Corporation (IFC) to streamline the approval process for investment and review investment laws to ensure more flexibility to foreign direct investment. There are two types of investment: open investment, for both foreign and local people and reserve investment, for ni-Vanuatu only. The Reserve Bank is the prudential authority in Vanuatu and the main adviser to the Minister of Finance on financial and monetary matters. Economic reform has led to major improvements in the management of public sector finances with expenditure more carefully controlled.
- 3.9 In recent years the government has produced budget surpluses and put measures in place to stimulate economic growth. Inflation was running at 6 per cent and the Reserve Bank Governor noted that foreign reserves

were at a 'comfortable' level. The fiscal position was strong but the VAT as a key source of revenue was down, effecting the overall fiscal position of the government.

- 3.10 The Vanuatu economy depends largely on the Australian market and New Zealand to a lesser extent. Australian exports to Vanuatu totalled AUD78 million in 2008-09, mainly liquefied propane and butane, sporting goods, alcohol and tobacco. Vanuatu's exports to Australia, on the other hand, were only AUD2 million so there is potential for growth in trade to Australia.
- 3.11 Vanuatu's population is a characteristically young one. In 2008 the estimated population was 235, 000 people (around 60 per cent under 25 years). A national census will be undertaken in November 2009, the first in ten years. An estimated 30 per cent of the eligible age population are in paid employment. Many people move in and out of paid employment but there is no unemployment benefit. There is an informal employment sector where people produce goods or provide services which are exchanged with others. The Opposition Members of Parliament that the delegation spoke with held the view that there was little recognition or acceptance of the problem of unemployment.
- 3.12 As in Tonga, the delegation learned urban drift is significant, especially by young people, who may initially go to Port Vila for higher education and then subsequently cannot find employment, either in the capital or their home region, so prefer to stay where there are more facilities and at least the prospect of a job. Each year 3500 school leavers enter the workforce, but fewer than 1000 new jobs are created. The lifestyle gap between the urban and rural populations is steadily increasing. Urban drift is estimated to be growing by about 5 per cent a year and unfortunately crime is growing at a similar rate. As stated in AusAID's *The Unfinished State: Drivers of Change in Vanuatu*: 'In the urban centres, a new kind of poverty and attendant social problems are emerging among those who came in search of a better life, but found the reality to be very different'.
- 3.13 There is a policy, monitored by the Department of Labour, that jobs must pass on to local people after two to three years but this is not always occurring, often because the skills to do them successfully have not been passed on. There is an identified need for management skills training to ensure the on going success of businesses. The local people would be keen for Australia to assist with this.
- 3.14 Vanuatu, like Tonga, was one of the first countries to participate in the Pacific Seasonal Workers Pilot Scheme (PSWPS). Only a small number of people were involved in this pilot but the delegation was told that it has been successful to date. A similar seasonal worker scheme had already

been operating with New Zealand, providing foreign exchange to the economy and had been very helpful in changing attitudes to the work/income paradigm.

- 3.15 The delegation was interested to hear about kava production, export and use in Vanuatu, following similar discussions in Tonga. Before import restrictions to Australia were introduced in mid 2007, Vanuatu exported AUD40,000 of kava to Australia and continues to export to New Caledonia and Fiji. Kava in Vanuatu is purported to be stronger than elsewhere in the Pacific. Whenever this issue came up in discussion the delegation were implored to do whatever they could to get the amount of kava allowed in to Australia to be raised.

## Tourism

- 3.16 Australia is a major source of foreign investment in Vanuatu and tourism is one of the focus areas for that investment. While Vanuatu's economic growth is starting to become broad based, it remains centred on tourism. Services dominate the economy, contributing 72 per cent of GDP. It is estimated that 1200 people are directly employed in the tourism sector. Increased tourism has had a flow on effect to the service sector with heightened demand for the production of goods and services such as transport, communication, wholesale and retail trade, banking, insurance, hotel and accommodation services. Almost all of the 180 cruise ships passengers are Australian and two thirds of long stay tourists are Australians. The port is small, inefficient, outdated and expensive to operate. The Japanese are upgrading the main wharf but it still requires freighters to go out to sea when the cruise ships come in to let the passengers go ashore. Continuing growth in Vanuatu's tourism sector will be crucial to providing employment opportunities for the young and rapidly growing population.
- 3.17 Competition in air services has seen the fares fall and the number of tourists increase. The national airline, Air Vanuatu, still dominates the inter-island flights. In response to the greater number of tourists there has been increasing investment in new boutique hotels, plus the refurbishment of larger existing resorts, locally owned bungalow and backpacker accommodation. Despite its importance as a revenue earner for Vanuatu, there is little money in the Vanuatu budget for tourism promotion.
- 3.18 The delegation spent a night on the island of Tanna, a microcosm of the tourist industry. Tanna does have a twice daily air service to the main

island flown by Air Vanuatu however all the food and supplies are brought to the island by cargo boat which only visits 3 times a month. Accommodation is limited to one 3 star resort hotel (currently under renovation) plus some bungalow accommodation. The main tourist attraction is the volcano at Mt Yasur erupting ash and molten rock every few minutes. The road to get to the volcano is long, unsealed and full of potholes, only accessible by four wheel drive. The delegation heard from several sources that the upgrade of this road, from Lenakel to Mt Yasur Ashfields, is part of the AusAID's Vanuatu Transport Sector Support Program which is about to begin. There is a fee to pay to the local people to go up to the volcano but no signage and only basic facilities and amenities. Prior to tourism, coffee and some copra and sandalwood were the principle income earners for Tanna but as the copra and sandalwood ran out and the coffee prices were subject to a great deal of fluctuation, the people decided to concentrate their efforts on tourism. There is an attempt to market organic, vacuum packed coffee under the Tanna label.

- 3.19 Currently tourism is giving employment to all ages, creating a cash flow in the local economy and earns foreign currency for purchasing necessary imports, but as yet the infrastructure to support it is not in place. This scenario is the same on several of the other islands. There is plenty of tourist potential yet a lack of ability to capitalise on it.

## Development Assistance

- 3.20 Vanuatu is the only Pacific island country eligible for funding under the Millennium Challenge Account for encouraging good governance. Under the auspices of the Account, Vanuatu is receiving over US\$65 million for a new transport infrastructure program to benefit rural agricultural producers and providers of tourist related goods and services. The program focuses on roads on the islands of Santo and Efate, the main island.
- 3.21 Development assistance from Australia to Vanuatu continues to increase and will reach AUD\$66.3 million in 2009-10, confirming Australia's position as Vanuatu's largest donor. To put the contribution in context, the delegation was told that if you were to add together the next three largest donors, the European Union, New Zealand and France, Australia's contribution is still greater than the combined amount of the others.
- 3.22 The President of Vanuatu expressed to the delegation his gratitude for Australia's aid both to Vanuatu and to the Pacific as a whole.

- 3.23 Under the Partnership for Development Program, Australia will provide Vanuatu with assistance to mitigate the effects of the global economic crisis and accelerate progress towards the Millennium Development Goals. The initial priority areas are in education, infrastructure, economic governance and health. The Prime Minister noted that the umbrella nature of the Partnership for Development was very good and saw room for new areas within it.
- 3.24 A particular program is the Governance for Growth where the two countries are working together to identify and overcome governance obstacles to growth, service delivery and poverty reduction in Vanuatu. The program includes technical assistance, grants, direct investment and brokering of the involvement of other aid agencies. One outcome of this program has been the opening up of the telecommunications market by the introduction of competition. Coverage has expanded in rural areas and to outer islands and the costs have decreased. The delegation witnessed ni-Vanuatu talking on mobile phones in remote villages, great distances by unsealed roads from shops or ports, where traditional lifestyles were being practised. It has had a dramatic effect on people's lives.
- 3.25 The Vanuatu Transport Sector Support Program (AUD18 million over three years and commencing in 2009) is working to improve roads, make shipping services more reliable and wharves more efficient. The delegation saw first hand the need for roads on the island of Tanna. Four wheel drives are required to use the roads which are unsealed, full of pot holes and when it rains, become almost impassable.
- 3.26 The delegation was informed about the Vanuatu Education Support Action Plan which is a short term program of support funded equally by Australia and New Zealand. This transitory program includes improving existing school facilities; setting up a bank account system for primary schools so they are ready to receive grants to enable them to be fee free for pupils; providing technical advisers to assist with curriculum; teacher training; provision of books and stationery; pre school awareness campaign and strengthening the audit and finance units of the Ministry of Education. Aid in the health sector has been focused on maternal mortality, pharmaceutical supply and reduction of malaria.
- 3.27 Senator Moore visited Wan Smolbag Theatre (One Small Bag Theatre), a very successful non-government organisation (NGO), assisted by AusAID and NZAid, which houses a mix of youth activities, literacy projects, a recycling project, nutrition centre, community internet facilities, a sexual health clinic, film and recording studios and a theatre company. Currently the theatre is working on a soap opera television series, 'Love Patrol', which as well as entertaining, has a serious side, raising awareness around

issues such as gender equity, family violence, and HIV/AIDS. This series has been broadcast not only in Vanuatu but also in Fiji, PNG, American Samoa, Kiribati, Samoa, New Zealand and the Solomon Islands. The Reproductive Health Clinic at Won Smolbag has two consulting rooms and three fulltime nurses seeing 30-40 clients everyday and talking to school groups. There are so far only five confirmed cases of HIV/AIDS in Vanuatu. Two other clinics in out lying islands have been set up. Wan Smolbag is a very inspiring place run out of derelict old warehouses but demonstrating what can be done with enthusiastic staff and volunteers and some financial assistance.

## Defence Cooperation

- 3.28 Mr Thomson and Senator Macdonald visited the Police Maritime Base in Port Vila and received a briefing on maritime issues.
- 3.29 Australia assists Vanuatu to maintain and operate its Pacific Patrol Boat which it donated to Vanuatu in 1987, along with the services of two Royal Australian navy advisers who oversee its operation. Australia provides some fuel for the boat plus manages the maintenance and training of the crew. The advisers explained to the delegation how selected members of the Vanuatu Maritime Wing have been trained to work on the boat at the Australian Maritime College in Launceston, Tasmania. These engineers and seamen are keenly sought after by the private sector, as there are so few workers with qualifications in Vanuatu. The delegation heard that there is sometimes a problem getting the necessary fuel and food stores for the 15-18 person crew required to send the boat out. Australia provides some but the balance has to be provided by the Vanuatu government. This is not always forthcoming. It is very expensive to run, costing AUD10, 000 a day in fuel costs and AUD300, 000 a year in maintenance costs. It is difficult to plan maintenance, as there is no guarantee the funds from the government will be available to pay for it. VIPs can, with agreement of the Minister of Fisheries, make use of the patrol boat, impacting its availability for surveillance work.
- 3.30 Royal Australian Navy advisers believe that the illegal fishing is on a greater scale than the Vanuatu people know about. Tuna run across the north of Vanuatu's maritime economic zone in areas where it is too rough for the patrol boat to operate in and so illegal fishing goes undetected. The delegation was informed of Vanuatu's participation in national and regional training operations including the Kurukuru 2009 exercise against illegal fishing activity.

- 3.31 The current patrol boat was built in the late 1980s and the Vanuatu government has requested an additional smaller vessel. This will be a fibreglass boat that requires a minimum crew of four and only cost AUD1000 a day to run. Australia has agreed to fund it until 2011 and then the Vanuatu government will need to take on the funding. The delegation was informed that the Australian Government policy to reduce its own Department of Defence spending by AUD10 million will result in the loss of some adviser positions based overseas, possibly one in Vanuatu.

## Education and Training

- 3.32 Education is not compulsory and the delegation was surprised to hear it was also not free, even at junior levels. Theoretically primary schooling is free but school committees which manage the schools do charge fees. These fees act as deterrents to parents sending their children to school. However education is highly valued by an increasing number of parents and many families make sacrifices to provide their children with schooling. The delegation was told that the Department of Education is promoting education as ‘the ticket out of here and overseas.’ It is the parents’ choice about the time/age their children start school and it is customary to keep children at home for longer than in Australia. Much is being done to encourage parents to start their children in school at four years old.
- 3.33 Parents can choose to send their children to either an Anglophone or a Francophone school. Generally the Catholic-run schools are the ones conducted in French. Currently 40 per cent of instruction is in French and 60 per cent in English. Each person is raised speaking one of an estimated 100 indigenous languages still actively spoken across Vanuatu. In order to facilitate communication between them, Bislama, a pidgin style language is used. Then school instruction is primarily in either French or English with lessons in the other. This not only complicates learning for children but also adds a lot of expense in producing materials in different languages. The program for Independence Day celebrations given to the delegation, for instance, had parts in English, French and Bislama. Previously each language stream also had a separate curriculum but now there is a common curriculum.
- 3.34 The church run schools receive financial assistance from the government but are generally better equipped than the public ones as they receive additional support from their denomination worldwide. The public school classrooms the delegation saw on Tanna had dirt or concrete floors with some matting, very few desks, chairs or even benches for the children to

sit on. The windows were just openings with no glass. The roofs, tin and thatch, were in poor repair and leaking. The classrooms were dark with no artificial light, just candle light on dull days. There was not much in the way of books and teaching aids. A lot of the teaching was done orally with rote learning. With a few exceptions the classroom environments did not look they would be attractive to children who would otherwise be enjoying the freedom of the outdoors. On Tanna the delegation saw evidence of activities by Australian Rotary Clubs in constructing, rebuilding and extending primary schools. The clubs have also provided a lot of classroom material.

- 3.35 Class sizes are large with one teacher per class. For example in one school the delegation visited there were 31 children in the Year 1 & 2 class, 46 children in the Year 3 & 4 class and 40 in the Year 5 & 6 class.
- 3.36 There is a different standard of teachers and facilities in rural and urban areas. As the teachers prefer to teach in the towns there is greater competition for those positions and the better teachers win them so the towns end up with a higher standard of education. There is a drive to improve the facilities in the rural areas so that more teachers are attracted to them. It is difficult to recruit and retain teachers in the rural areas as the conditions for teaching and for living are poor. The housing provided is substandard often with no electricity, running water or access to transport.
- 3.37 By contrast to the public schools, the delegation visited a kindergarten in Lamlu supported by Italian Catholics. The kindergarten had been built by and was being run by, an Italian Catholic priest. It was very well resourced and a stimulating educational environment.
- 3.38 Overall the quality of education received is mixed. There is also a question of relevance when school graduates will often become subsistence farmers or homemakers and job opportunities are few.
- 3.39 There is a general examination for all students at the end of Year 8 (age 13 years) after which some students drop out and then another examination two years later at the end of Year 10 (age 15 years) when most children finish school. A few students continue but it is expensive. The number of schools offering education at this level is low and students often need to leave home to attend as the schools are not local - all factors that can dissuade them from continuing on. More girls than boys are finishing school.
- 3.40 Even after all the schooling they often cannot get work so it seems to them and their families it is just not worth it. Some have to return to their villages and take up manual work and are dissatisfied. Many prefer to stay in Port Vila where they undertook their education and do nothing.

They have transitioned to a more urban lifestyle and do not want to return to the village with fewer amenities including lack of running water.

- 3.41 The task of creating human capital is enormous, starting from a base of just 5 university graduates in 1980. There are some scholarships for university available. The University of the South Pacific has campuses in Port Vila, Fiji and PNG which include a School of Medicine and an Engineering School. Scholarships for medicine are also available in Cuba.
- 3.42 Australia has been working in the tertiary education sector since 1996. The Vanuatu Institute of Technology was funded for 10 years by Australia and now receives monies from the Vanuatu government and the European Union. The delegation heard that the quality of instruction was variable. The more advanced Australia Pacific Technical College, a 'finishing school' for trade skills was achieving good results and high acclaim. There is a three year teacher training course offered in Port Vila and a School of Nursing also offering a three year course.
- 3.43 The Australian Government provides over two hundred scholarships to ni-Vanuatu students in Australia and the region.

## **Energy**

- 3.44 Vanuatu tried introducing bio fuel, a combination of diesel and coconut oil, for government vehicles to run on, but there was not enough to meet demand. Currently there are 900 hectares to plant with pongamia fruit as a biofuel and Vanuatu is working with other Pacific nations and sharing information on similar projects.

## **Environmental issues**

- 3.45 The Vanuatu National Advisory Council on Climate Change was set up under the umbrella of the Department of Meteorology after Vanuatu ratified the Kyoto Protocol, for the purpose of providing advice to the Council of Chiefs on climate change. It is comprised of public servants from all the departments, NGOs and others so that when a particular sector is affected the subject matter experts from that area can provide advice.
- 3.46 The United Nations Frameworks Convention on Climate Change ((UNFCCC) required Least Developed Countries (LDCs) to develop National Adaptation Programs of Action (NAPAs) to enable them to

access funding to implement the plan. Vanuatu completed that in 1996 but, the Chair of the Vanuatu Advisory Council told the delegation, no monies have been forthcoming and there is concern that they are unable to move to the implementation phase to mitigate the effects of climate change and the problems they identified are worsening.

- 3.47 Small islands are gradually sinking (eg Tekua Island just moved everyone up to higher ground); coastal erosion is an issue even on the larger islands (eg on Epi the airport runway is being washed away); increased salinity of the water reducing the species growing close to the shore, are just some of the effects of climate change on Vanuatu. Some of the nice beaches that attract tourists are being lost and the high rate of coral bleaching is significant for the scuba diving and snorkelling industry. For a nation of 83 islands these are significant concerns.
- 3.48 One of Vanuatu's areas of high vulnerability is the agricultural sector. Farmers have noticed some of the root crops are not adapting to the higher temperatures and unseasonal rains, ripening at different times and producing lower yields. The example was given of a banana bundle which in former times was so large a man could barely carry one. Now the banana bundles are so small, one man can manage two or three. Sandalwood, which had a 3-month harvesting season, now fruits all year and sometimes not at all.
- 3.49 The Chair of the National Advisory Council on Climate Change, Jotham Napat, said there was a need for a tool to monitor climate change. He acknowledged Australia's assistance with a project to digitise meteorology records so that patterns and changes could be studied. He appealed for greater donor coordination of aid and also for Australia to get behind Vanuatu's call to the UNFCCC to get the committed funds for adaptation flowing.
- 3.50 Prime Minister Edward Natapei spoke out publicly on climate change while the delegation was in Vanuatu saying "we need all developed countries to collectively reduce emissions by more than 95 per cent of their 1990 levels by 2050. We need developing countries, based on their respective capabilities, to deviate from 'business as usual' greenhouse gas emission and consider emission reduction targets. We hope that Australia and New Zealand will stand shoulder to shoulder with us in this call to action."

## Fisheries

- 3.51 The Department of Fisheries has a budget of VUV77 million of which 70 per cent is allocated to paying its 22 staff. Some are based in Port Vila and others in the outer islands.
- 3.52 There is a border dispute between Vanuatu and France over the Matthew and Hunter Islands, each claiming them for themselves. The islands are equidistant from Vanuatu and New Caledonia. They are uninhabited but the fishing rights in the territorial zone around the islands are based on the ownership, hence the claims.
- 3.53 Levels of illegal, unreported and unregulated fishing are difficult to estimate accurately and are of growing concern because of the effects on fish stock, bi-catch and potential lost income to Pacific island countries and others fishing legally.
- 3.54 Fish and shellfish harvested locally are a critical source of food for Pacific islanders. Even most commercial fishing is on a small scale for supplying the locals own needs. What is caught locally is eaten locally.
- 3.55 The delegation made a visit to the new tuna processing plant which processes 50 tonnes of fresh fish a week for export to Asian markets. A National Tuna Management Plan was devised in 2001 which included looking at onshore processing as a way of value adding. Currently most boats off load their catch in Fiji, PNG and Samoa. Now the catch from the deep-sea long liners can be processed and flown out mostly to Japan. There are 150 licensed boats in the water including some Taiwanese boats operating under a Vanuatu flag working in Vanuatu waters but also elsewhere in the Pacific. Allowing these vessels to off load locally not only increases employment opportunities, it allows monitoring of the bi-catch. Of the total allocation of 16,000 tonnes only eight to nine have been caught so far indicating potential for growth in this emerging industry.
- 3.56 Australia and other development partners are encouraging a move away from promoting higher catches and expanded fishing fleets, to more controlled management aimed at ecosystem based sustainability.

## Foreign Relations

- 3.57 Vanuatu joined the Commonwealth and the Pacific Islands Forum at the time of its independence in 1980. It is also a member of the Francophone Community, the United Nations, the IMF, the World Bank, the Asia Development Bank and the African Caribbean Pacific Group, which has

special relations with the EU. Other than Australia, the only countries to have missions in Vanuatu are France, New Zealand, China and the European Commission.

- 3.58 The Melanesian Spearhead Group (MSG) which comprises Fiji, Papua New Guinea, the Solomon Islands, Vanuatu and Kanaky set out a constitution for working together in 2007. This group influences Vanuatu's policies for regional engagement and provides for free trade in goods produced by Melanesian countries. A new secretariat building for the MSG opened in Port Vila in 2008 at the same time as Vanuatu took over the role of Chair of the group. The MSG has been supportive of continued engagement by Fiji with the Pacific Islands Forum.

## Health

- 3.59 The delegation was informed about Vanuatu's strong commitment and success concerning malaria elimination. Practically the entire population is at risk of contracting malaria but sustained efforts have seen the number of malaria cases reduced from a rate of 74 per thousand in 2003 to 14 per thousand in 2008. Australian funding has supported malaria control and elimination with operational research, technical assistance and project management support. Use of long life insecticide treated bed nets and targeted spraying of insecticides are two of the measures being used on Tanna where the delegation visited.
- 3.60 The 42-bed hospital in Tanna services the whole of the southern group of islands. It has one doctor provided through a Canadian volunteer scheme, the Victorian Vanuatu Physician Project (ViVa), for six months at a time with a one month overlap. Currently the partner of the doctor is also a medical practitioner so they are appreciating having the extra service available and are able to catch up on a backlog of minor operations. ViVa has provided continuous physician staffing for Lenakel Hospital since 1991.
- 3.61 Australian Rotary Clubs have also assisted with buildings for and maintenance of the hospital, leaving their trademark green and gold painted walls.
- 3.62 The hospital has a maternity ward, ear nose and throat ward, tuberculosis ward, plus separate men's and women's wards. The most common illnesses are pneumonia, respiratory infections including tuberculosis, malaria and accident cases.

- 3.63 They are desperately short of trained staff. The caring role we associate with nursing is handed over to the relatives of the patient who are expected to provide food and bedding. They also do the laundry for their family member for the length of time they are in hospital. These people stay in a hostel building on the hospital grounds. Nurses are fully occupied administering medicine, changing dressings and performing minor surgery. All nurses are trained in Port Vila and do their practicals, including midwifery, in the hospitals. A spike in training some years back has meant that up until now there were a reasonable number of nurses, although never enough. However many have reached retiring age and there are not many coming on to replace them.
- 3.64 As well as staff shortages, the hospital faces challenges with having the basics of a clean water supply, constant electricity, working equipment and road access. A dependable supply of clean water for the hospital is a problem. Firstly there is the initial cost of a water pump and piping and then the ongoing costs of maintenance. The hospital buildings are in poor condition with old and rusty pipes carrying the water supply, broken oxygen tanks and other pieces of equipment long past their use by date.
- 3.65 Due to the poor condition of the roads pregnant women come in to the hospital as soon as they reach full term and stay in a hostel until their baby arrives. Generally they stay for a couple of days after the birth and then return home. There are still many babies born at home in the customary way but maternal health and infant mortality rates are better for those born in the hospital so attitudes are gradually changing. Overall infant mortality remains high at 31 deaths per 1000.
- 3.66 Health expenditure currently represents about 13 per cent of the annual Government of Vanuatu budget. It is primarily a public system comprised of five hospitals in Provincial Centres and a network of smaller health centres (generally staffed with a midwife and a nurse practitioner), dispensaries (staffed with a trained nurse) and clinics (staffed with a nurse's aide or a voluntary village health worker) located in successively rural areas. At the Lamlu Health Centre on Tanna, the delegation met with Sister Sulia, a Catholic sister, and saw first hand the heavy workload and wide range of medical support, including birthing support, offered by just this one medically trained nun.
- 3.67 Vanuatu has just passed laws against domestic violence, the *Family Protection Act 28, 2008*, the first nation in the Pacific to do so. The Act criminalizes domestic violence, provides for protection orders and enables the police to investigate incidents of domestic violence. The divorce rate is low, however there is a lot of separation and no Family Law legislation to deal with it legally.

- 3.68 Senator Moore made a visit to the AusAid supported Women's Centre in Port Vila. This NGO came out of a regional workshop held in the Fiji Women's Crisis Centre in 1992. The three representatives at the workshop returned and held consultations with the Government, Chiefs, other leaders and women to gain support for the idea of a counselling program for domestic violence sufferers. The Centre has a coordinator and four full time counsellors plus part time staff and volunteers. There are also branches on the islands of Santo (funded by NZAid) and Tanna. The Centres engage in awareness workshops, public talks including at schools and network with Councils, community and women's groups as well as counselling, legal assistance and support services to women who have suffered domestic violence. They have established Committees Against Violence Against Women (CAVAW) consisting of six people with a male leader to raise awareness on domestic violence including sexual violence and civil matters, such as child maintenance. The Committees receive training and can provide basic counselling and referrals to the Women's Centre.
- 3.69 The Centres are working to get government funding as a demonstration of their commitment towards addressing the issue of domestic violence. Presently they are in need of a permanent location and building after the previous Centre was burnt down.
- 3.70 Kava, alcohol and home brew are the main social drugs. Marijuana is a increasing threat as the growing conditions in Vanuatu are so good it grows almost anywhere and is hard to control. Marijuana grown in the islands and brought to Port Vila for sale is on the increase. The delegation were shown posters of marijuana in the Health Clinic on Tanna and told there was an education program by the police because marijuana was being naively cultivated as a cash crop by people who were unaware of its dangers and effects.

## Land issues

- 3.71 Land issues are a big challenge in terms of foreign investment and the government is trying to put through another reform of the *Land Leases Act, 1984*. The delegation was told there is a need to educate people, especially rural people, about the difference between land lease and land ownership. Some communities have little understanding of the commercial value of their land and have sold to speculators at prices far below market rates. Most of the leases involve a single up front cash payment rather than annual rentals and those selling the land do not effectively manage this large injection of cash. They make one off purchases, gamble the money or

invest in business ventures that are not well thought through. For example there has been a large increase in the number of taxis and minivans which increase competition, push down fares, and require fuel and maintenance for which they do not have ongoing funds.

- 3.72 Land speculation has become a political issue and the government, under pressure from the Council of Chiefs representing the traditional land owners, placed a moratorium on all new development proposals. The delegation was told however that this has not been totally effective and sales of land leases were still taking place.
- 3.73 The National Land Summit (2006) recommended clearer definitions of customary land ownership, stronger processes for determining ownership and resolving disputes; reform of land administration, reducing the Minister's discretionary powers, increasing community participation in decision making and strengthening the role of government as an intermediary to ensure fair dealings by all parties; and strengthening government capacity to enforce planning regulations governing issues such as public access.
- 3.74 The Prime Minister further explained the problem to the delegation. He said a lot of land, especially on Efate, is being leased out for development. This in turn reduces the land for producing food. Added to this there is a growing population requiring food and needing land for settlement.

## **Law and Order**

- 3.75 The delegation discussed law and order challenges facing the Vanuatu Police Force with the outgoing Police Commissioner Patu Lui, members of his Executive and the Team leader of the AusAID-AFP Police Project, Mr Bill Quade. The Commissioner focused on the need for additional resources, particularly for police operations and investigations and for police housing in rural areas. He expressed his appreciation for Australia's assistance through both the AusAID-AFP Police Capacity Building project and the long running Defence Cooperation Program.
- 3.76 Australia provides an adviser to assist the Mobile Force (para military) section of the Vanuatu Police Force. This arrangement of working together is now well accepted according to the Deputy Police Commissioner. Currently Australia is assisting with arrangements for the decommissioning of several hundred weapons in preparation for new ones coming from France.

- 3.77 Members of Vanuatu's Mobile Force and Police Force are serving in UN peacekeeping missions and with RAMSI in the Solomon Islands. 54 of the total 592 person force are deployed overseas which is a comparatively large contribution.
- 3.78 The Police Force, Mobile Force and the Police Maritime Wing, train together. Members are being trained in the proper 'use of force' with the assistance from expert French trainers from New Caledonia. The training was especially geared towards helping police officers handle and identify suspects during times of unrest or riots.
- 3.79 There has been some criticism of the older age profile of the police force but younger new recruits are coming through. In 2007 a group of 30 recruits were trained, with Australian assistance. These were the first new recruits in 10 years. Since then another four groups have been trained. For the most recent round of recruitment where there were 65 positions on offer, over 3000 applications were received, indicating, according to the Deputy Police Commissioner, both the level of unemployment and also the turn around in the police image to the "police as a friend." The Minister of Internal Affairs is sponsoring an amendment which will boost the total number in the police force.
- 3.80 The Australian adviser is working with the Vanuatu Police Commissioner to raise the standard of professionalism among the force through provision of uniforms, vehicles, equipment and skills training. Middle management training is also now underway. The Vanuatu Police are keen to send some officers to the Manly Police College in Sydney. There is a nine person capacity building AFP team who are working with the Vanuatu Police.
- 3.81 The delegation asked about the involvement of women in the police force and was told that while there are some women, the police force was finding it hard to achieve a gender balance. There are issues for women who reach the higher ranks because of the need to travel. In some cases married women were being held back by their husbands who do not want them to travel. There is a women's network operating in the police across the Pacific with exchanges to the Solomon Islands and training attachments from Kiribati.
- 3.82 Crime, local and from neighbouring areas, is increasing, according to the Deputy Police Commissioner, as is white collar crime. Trans-national crime is a focus of the AFP work in Vanuatu. Small Trans National Crime Units (TCU) are provided by each country in the Pacific and coordinated out of Samoa. They are all interconnected electronically and monitor such things as small vessel movement, drug movement activity, movement of humans currently focusing on the sex industry in the maritime sector.

They have had some high profile success eg Project Wickenby, and Operation Diad.

## **Council of Chiefs**

- 3.83 The Chiefs are elected from the island Councils (20 rural and two urban) every five years and then elect their own President from among the group. The delegation met with the President of the National Council of Chiefs, Gratien Alguet, and the Chief Executive Officer, Mr Selwyn Garu.
- 3.84 Advising on land issues, and in particular land tenure, is a major part of their role. There is not a single land allocation system operating in Vanuatu. There are different systems operating on different islands. For instance on some islands a chiefly title is hereditary and passed down through a clear lineage, but in others anyone is able to vie for the title of chief by demonstrating their qualities and going through a series of ceremonies.
- 3.85 The Chief Executive Officer spoke to the delegation about the importance of land to the people of Vanuatu. No one person owns land in Vanuatu, instead a tribe owns the land and people have access and rights depending on their connection to that tribe. Land provides peace and stability, it is a safety net for the people who can always grow food and provide their own needs even if they cannot get a job. Land is also the biggest employer in the country, so if the land is sold or leased, potentially the employment is gone. Therefore they must balance development with protection. This is why the Council made the decision to stop all leasing of customary land.
- 3.86 The Council is also the custodian of the customs and culture of the people of Vanuatu. The delegation heard from the Council representatives about the challenges of managing change. The dilemma of either running two parallel systems, modern and customary, or trying to integrate them. The Council was agreed on the importance of teaching the customs to the young people so they develop an understanding of them and are able to use them to guide behaviour. Keeping of the local languages is considered paramount as those languages contain the collective knowledge of the environment and the culture.
- 3.87 The President of the Malvatumari (National Council of Chiefs) talked to the delegation about how the role of chief had become politicised because of the remuneration. He explained that customarily chiefs would provide services such as problem solving or provision of advice as head of the village and people would show their thanks through gifts, if not

immediately at some later time when they were able to, so there was always outstanding grace and indebtedness which built up relationships. Now, however, he observed people were fighting to become chiefs because of the enticement of the money and the old system was breaking down.

- 3.88 Since 2005 the Council of Chiefs has had a partnership with AusAID on governance. A new phase of the partnership is about to begin and focuses on conflict management and other skills for assisting with the new challenges the chiefs are facing.

## Parliamentary links

- 3.89 The Prime Minister, the Hon Edward Nipake Natapei MP was elected to his position in a secret ballot of parliamentarians by a narrow margin of two votes in September 2008. The Natapei Government, a coalition of several parties and independents, has survived a number of parliamentary no-confidence votes since the election. The Prime Minister commented that the instability this has affected the operation of his government. It has taken the focus off governing and placed it on surviving the next challenge.
- 3.90 Voting is not compulsory in Vanuatu and only 60-70 per cent of eligible voters participated in the last election. There are physical barriers such as the remoteness of some villages, requiring ballot boxes to be carried for several days in and out again.
- 3.91 The Speaker discussed with the delegation the process of reform the parliament is undertaking. He said they were wanting to bring the level of parliamentary democracy up to that of more established democracies such as the UK and Australia.
- 3.92 The original constitution was produced during a workshop with Australian and New Zealand involvement and now needs amending but they are finding it difficult to change. The proposed constitutional reform, the Speaker explained, will result in some small changes that will make the country work better. One of these is to give Members of Parliament time between the presentation of a bill and the passing of it, to explain to their constituents what it involves and get their views and ideas on it. This is of particular significance for MPs from rural areas who currently do not have the opportunity to take proposed legislation back to their electorates before having to vote on it.

- 3.93 The delegation met with the Leader of the Opposition, the Hon Sato Kilman MP, Deputy Leader, Mr Moana Carcasses MP and Opposition member, Mr David Tosul MP, for discussion on a wide range of issues including the reform process, finance, trade, unemployment, security and parliamentary matters. They pointed out that Australian aid was currently directed to health and education which was good but also to infrastructure and that is where it was of greatest importance in their view.
- 3.94 The six Provinces (also known as Regions) have Area Councils under them. The delegation was told that one of the challenges for the parliament is to decentralise the budget to the Area Council level so that the funds are more effectively deployed. Currently the power is still centralised with the Provinces which collect taxes but do not put them back into development of the local Area Councils. Without facilities at that level people are attracted into the towns and in particular to Port Vila creating the problems associated with urban drift.
- 3.95 The Speaker discussed the role of the Attorney-General, comparing the way it is handled in Vanuatu with that of Australia. Unlike Australia where the Attorney-General is a Minister and elected Member of Parliament, in Vanuatu the Attorney-General is a public servant. The Speaker noted that he was keen to appoint a separate legal adviser to provide independent advice to Members of Parliament when they have questions over legislation tabled in Parliament. The Speaker also noted that although parliamentary discussions are generally conducted in Bislama, all legislation is in English and French.
- 3.96 There is provision in the parliamentary system for bills to do with custom and culture to be referred to the National Council of Chiefs but as it was rarely happening the Chiefs have rescheduled Council meetings so they take place prior to parliamentary sittings to enable the Chiefs to have a greater involvement in relevant legislation. It was the view of the Opposition that legislation should be put in place for customary control to be part of the system.
- 3.97 On the issue of the lack of women in parliament (there is currently only one), the Prime Minister explained that women themselves did not want separate seats or to be put into a special category. He believes the way to bring about change is through the Chiefs. In the South Pacific cultural heritage there is a male dominated hierarchy making it difficult for women to compete. The Chiefs however have the power to change that through their support of candidates, including female candidates. The Speaker commented that women must want to get involved in political matters to get elected.

## **Australian-Vanuatu relations**

- 3.98 The relationship between Australia and Vanuatu is an important one, with increasing significance, the delegation was told. Not only is Vanuatu a popular tourist destination for Australians but there is a growing resident population of Australians who have chosen to invest and work in Vanuatu. Australia is Vanuatu's largest aid donor and principal source for imports.
- 3.99 In April 2009 the Hon Simon Crean MP, Minister for Trade, and the Hon Bob Mc Mullan MP, Parliamentary Secretary for Development Assistance, visited Vanuatu to talk about on trade and development issues. In May, Prime Minister Natapei came to Australia for the signing of the Partnership for Development agreement with Prime Minister Rudd.
- 3.100 The delegation handed over a letter of congratulations from the Governor-General, Her Excellency, Ms Quentin Bryce AC, to the President, on the occasion of the 29<sup>th</sup> Anniversary of the Independence of Vanuatu.
- 3.101 Australia is keen to enter into a Tax Information Exchange Agreement (TIEA) with Vanuatu. Vanuatu has not negotiated tax treaties with any country to date. However the Reserve Bank Governor confirmed the Minister of Finance, the Hon Sela Molisa MP, was going to commence TIEA consultations with international jurisdictions including Australia.
- 3.102 The delegation handed a letter of invitation to the Speaker of the Parliament, the Hon Maxime Carlot Korman MP, for a return visit by a delegation from the Parliament of Vanuatu.
- 3.103 Opposition Member Moana Carcasses MP, commented that the training of Members of Parliament by the Centre for Democratic Institutions had been very helpful and he suggested a study visit by members to different institutions in Australia to gain some knowledge and experience of how they work would be an excellent next step.

**Mr Kelvin Thomson MP**  
**Member for Wills and**  
**Leader of the Delegation**



## Media Coverage

### Vanuatu

- 4.1 The Australian High Commission's media release on the eve of the delegation's arrival received good coverage, particularly on radio.
- 4.2 The Vanuatu Daily Post published a second media release which included a photograph of the delegation presenting a gift to the Prime Minister.
- 4.3 In separate interviews HE Mr Pablo Kang, Australia's High Commissioner to Vanuatu and the delegation leader, Mr Kelvin Thomson MP gave overviews of the visit.
- 4.4 The Speaker, Hon Maxime Carlot Korman MP, was interviewed in French on Radio Vanuatu.





## **PRESS RELEASE**

### **Australian Parliamentary Delegation: Visit to Vanuatu**

An Australian Parliamentary Delegation will be visiting Vanuatu during the week of Independence Celebrations. The Delegation includes three Australian Parliamentarians:

- Mr Kelvin Thomson, Australian Labor Party; Chair of the Joint Standing Committee on Treaties and leader of the Delegation
- Senator Claire Moore, Australian Labor Party; Chair of the Senate Community Affairs Committee
- Senator the Hon Ian Macdonald, Australian Liberal Party (Opposition)

The Delegation will pay courtesy calls on the President, Prime Minister and Leader of the Opposition. They will also meet with officials to discuss the global economic crisis and law and order. Other subjects of interest include climate change, fisheries and women's issues.

The Delegation will visit Tanna to review progress on Vanuatu's work, supported by Australia, to eliminate malaria. Tanna is also one of the islands where Australia will shortly be commencing an extensive road maintenance project. The Delegation will observe Vanuatu's Independence celebrations on 30 July.

Australian High Commissioner Pablo Kang noted that the Delegation's visit follows the visit earlier this year by the Minister for Trade Simon Crean and the Parliamentary Secretary for International Development Assistance, Bob McMullan. It also comes after Prime Minister Natapei's guest of government visit to Canberra in May 2009 and just before his return visit to Australia for the Pacific Islands Forum leaders' meeting in Cairns. Minister for Finance Hon Sela Molisa and Minister for Internal Affairs Hon Patrick Crowby have also made official visits to Australia this year, as have other members of the Vanuatu parliament. "These political level contacts underline just how far the bilateral relationship between Australia and Vanuatu has come over the last few years", the High Commissioner said.

23 July 2009



28 July 2009

AUSTRALIAN HIGH COMMISSION

MEDIA RELEASE

**AUSTRALIAN PARLIAMENTARY DELEGATION VISITS VANUATU**

An Australian Parliamentary Delegation is visiting Vanuatu during Independence week. The delegation comprises Victorian MP Mr Kelvin Thomson (Australian Labor Party, delegation leader), Queensland Senator the Hon Ian Macdonald (Liberal Party) and Senator Claire Moore (Australian Labor Party), also from Queensland. On 27 July the delegation called on the President of Vanuatu, His Excellency Kalkot Mataskelekele, Prime Minister Edward Natapei and Speaker Maxime Carlot Korman, and also held discussions with Police Commissioner Patu Lui.

The delegation presented to President Mataskelele a written message from the Governor-General of Australia Her Excellency Ms Quentin Bryce AC, congratulating Vanuatu on its 29th anniversary of independence and expressing the hope that the already strong bilateral relationship between Australia and Vanuatu would continue to grow into the future.

The delegation is travelling in Tanna on 28-29 July for discussions on health (including Australian assistance to eliminate malaria), education and road infrastructure. The delegation will then return to Vila to take part in Independence Day celebrations on 30 July, before a series of further meetings on 31 July, including with the Leader of the Opposition, to discuss issues including domestic politics, climate change, fisheries, maritime surveillance, domestic violence and the strength of the Vanuatu economy.

Mr Thomson noted that the delegation was here at the behest of Prime Minister Rudd to further relations with Vanuatu in the spirit of mutual respect and mutual responsibility. To assist in the strengthening of ties between the Vanuatu and Australian Parliaments, the delegation extended an invitation to Speaker Korman for a reciprocal visit by a Vanuatu Parliamentary delegation to Australia at a mutually convenient time in the future.



Delegation leader Kelvin Thomson MP presents a wrapped gift (a piece of silverware by Australian artist Dom Sheil) to Prime Minister Natapei.

Left to right: Senator Ian Macdonald, Senator Claire Moore, Prime Minister Natapei, Mr Kelvin Thomson MP, Australian High Commissioner HE Pablo Kang



28 July 2009

AUSTRALIAN HIGH COMMISSION

MEDIA RELEASE

**AUSTRALIA CONGRATULATES VANUATU ON ITS 29<sup>TH</sup> ANNIVERSARY OF INDEPENDENCE**

The Governor-General of the Commonwealth of Australia, Her Excellency Ms Quentin Bryce AC, has written to His Excellency Kalkot Matas Kelekele to congratulate Vanuatu on the occasion of its twenty-ninth Independence Anniversary.

Her Excellency noted Australia's strong support for Vanuatu's independence and the fact that formal relations between Australia and Vanuatu go back to 1978. She observed that Australia continues to be Vanuatu's main partner in development assistance, investment and tourism. Australia was also pleased in the past year to include Vanuatu in Australia's Pacific Seasonal Worker Pilot Scheme and enter jointly into a Partnership for Development. Her Excellency observed that people-to-people links were flourishing and that these ties were further strengthened earlier this year through the solidarity shown by the people of Vanuatu with the victims of the bushfires which devastated large parts of Victoria.

Her Excellency was pleased with the expansion of high-level bilateral contact, including through the current visit to Vanuatu of an Australian Parliamentary Delegation. Mr Kelvin Thomson MP, the Delegation leader, took the opportunity of handing over Her Excellency's message to President Matas Kelekele during a courtesy call on him on 27 July. The Delegation, also comprising Senator the Hon Ian Macdonald and Senator Claire Moore, will participate in Independence Day celebrations in Vila on 30 July.



# Program

## Tonga

### Wednesday, 22 July

Arrive Tongatapu travel to Seaview Lodge in Nuku'alofa

### Thursday, 23 July

Briefing by the High Commissioner, His Excellency Mr Bruce Hunt and his staff with representatives from AusAID, Defence and the AFP

Call on the Speaker of the House, the Hon Lord Tu'ilakepa MP

Tour of Parliament

Discussion and overview of Tonga's Parliamentary Strengthening Scheme under UNDP and the Legislative Assembly Needs Assessment recommendations with the Clerk of the Parliament, Dr Viliami Latu and the Deputy Clerk, Mr Sione Tekiteki and other senior officers of the Parliament

Call on the Prime Minister, Minister Responsible for Foreign Affairs and Defence, Dr the Honourable Feleti (Fred) Sevele

Working lunch hosted by the Chair of the Committee of the Whole and People's Representative for Vava'u, Mr Samiu Vaipulu MP

Call on the Deputy Prime Minister, Minister for Health and Acting Minister of Police, the Honourable Dr Viliami Tangi MP

Briefing on non communicable diseases by the Senior Medical Officer, Ministry of Health, Dr Paula Vivili

Call on the Minister of Finance and Planning, the Honourable Afu'alo Matoto MP

Call on the Minister for Labour, Commerce and Industries, the Honourable Lisiate 'Akolo

Official dinner hosted by the Australian High Commissioner, HE Bruce Hunt with the immediate past Speaker of the Legislative Assembly and current Nobles' Representative for Ha'apai, Lord Tu'iha'angana and Lady Tu'iha'angana, and other guests

**Friday, 24 July**

Meeting with the Director of the Secretariat for the Constitutional and Electoral Commission, Ms Rosamond Bing

Meeting with the Nobles' Representatives

Meeting with the Peoples' Representatives

Meeting with the members of the Tonga Chamber of Commerce

Travel to Vava'u, transfer to Neiafu

Call on the Governor of Vava'u, Lord Luani MP

Public meeting with the operators of the tourism sector

Dinner hosted by the Governor of Vava'u, Lord Luani MP

**Saturday, 25 July**

Study tour of whale watching industry

Travel to Tongatapu, transfer to Nuku'alofa

Depart Tonga for Auckland

**Vanuatu****Sunday, 26 July**

Arrive Vanuatu, transfer to the Sebel Hotel, Port Vila

Informal briefing by the High Commissioner, His Excellency Mr Pablo Kang

**Monday, 27 July**

Briefing by the High Commissioner, His Excellency Mr Pablo Kang and his staff with representatives from AusAID, Defence, and the AFP

Call on the President, Kalkot Matas Kelekele

Call on the Prime Minister, the Honourable Edward Natapei MP

Call on the Speaker of the Parliament, the Honourable Maxime Calot Korman MP

Working lunch hosted by the Speaker of the Parliament, the Honourable Maxime Calot Korman MP

Roundtable discussion on law and order with the Commissioner of Police, Lieutenant Colonel Patu Lui and his Executive

Visit to Won Smol Bag Youth Centre (Senator Claire Moore)

Reception at the Australian High Commission

**Tuesday, 28 July**

Arrive on Tanna Island

Call on the President of the Provincial Government, Mr Ken Hosea, Secretary General of the TAFEA Province, Mr Tom Peter and the Principal Education Officer, Mr Veiririki Toforua

Lunch with the Director of the Iquaramanu School, Mr John Tangapu

Site visit to Iquaramanu School

Visit to Yasur volcano

**Wednesday, 29 July**

Visit Tanna hospital and meet with Provincial health officials

Visit Lowanatom secondary school

Visit Lamlu Health Centre and Lamlu pre-school and primary school

Lunch with Director of Lowanatom Secondary School, Brother Anicet Paulin

Return to Port Vila

**Thursday, 30 July-Vanuatu Independence Day**

Attend Independence Day flag raising ceremony and parade

Lunch at State House Independence Day Reception hosted by President Kalkot Matas Kelekele and the First Lady

Dinner at Independence Day Ball

**Friday, 31 July**

Meet with the President of the National Council of Chiefs, Mr Gratien Alguet and the Chief Executive Officer, Mr Selwyn Garu

Meet with officials of the Department of Fisheries and visit the patrol boat base (Mr Kelvin Thomson MP and Senator the Hon Ian Macdonald)

Visit the Vanuatu Women's Centre (Senator Claire Moore)

Roundtable discussion with the Governor of the Reserve Bank, Mr Odo Tevi and finance, trade and economic officials

Lunch at the Residence of the High Commissioner, His Excellency Mr Pablo Kang with Australians living and working in Vanuatu

Senator Claire Moore departs for Australia

Meet with the Vanuatu Advisory Council on Climate Change

Meet with the Leader of the Opposition, the Honourable Sato Kilman MP and Opposition Members of Parliament

Tour of Parliament Buildings

Visit to Hanningtons' Nakamal Kava Bar

**Saturday, 1 August**

Mr Kelvin Thomson MP, Senator the Hon Ian Macdonald and Ms Lynette Mollard depart for Australia