



Pacific Institute
of Public Policy



Annual
Report

11



All artwork exhibited in this report © John Alefaio

John Alefaio began drawing when he was six years old in Tuvalu. He is well known in the region and paints on canvas, carves whale bone and trucus shell jewelry, as well as being a professional tattoo artist. His tattoos and paintings come from the cultures in which he has lived and travelled. He spends a lot of time in the ocean spearfishing and finds great inspiration from life on a Pacific island: the sea, the land and the sky.

Polynesian and Micronesian motifs are found in his art although recent travels to the US mainland and Canada have enhanced his art and tattoos to create uniqueness only possible through such experience.

Email jalefaio@hotmail.com or visit John's Facebook page: *Marshall-ARTS-Tattoo-Marshall-Islands*

PIPP invites artists and photographers with an interest in showcasing the Pacific in an original way to exhibit their work in our publications.

We exist to stimulate and support informed policy debate in and about Pacific island countries.

The Pacific Institute of Public Policy (PIPP) is a not-for-profit, independent think tank registered under the Vanuatu Charitable Associations (Incorporation) Act



Future shock*

‘Truth is the shattered mirror strewn in myriad bits; while each believes his little bit the whole to own’ – Robert Burton

FOR the past few centuries the peoples of the Pacific, as in many parts of the developing world, have seen severe challenges to their way of life and even their very existence. They have seen changes to moral, economic and political codes. Some of this was managed by a belief that by copying the ways of the more powerful nations one could learn to adapt to the new world.

But now for the first time, the whole world is undergoing a revolution at the same time – it is no longer one set of powerful countries influencing other less powerful ones, but rather a whole host of countries, ideas and interests all loosely interconnected vying desperately with each other to establish precedence and order in an increasingly chaotic world.

The information revolution promised for so long has truly taken hold. It appears that nobody and everybody has the answers to everything and nothing.

The established economic, political and moral orders have been shaken the world over – whether it is the amazing collapse of over-priced economic markets or the disintegration of political parties or even the numerous moral scandals that seem to emanate daily from one religion or another it is easy to see why the whole world may now be entering a period of ‘future shock’ or even global post-traumatic stress disorder.

So what could all this possibly mean for the Pacific and is it even worth worrying about?

Many a commentator has lamented the lack of leadership in the Pacific region. For those who are already moving beyond this debate to look at why this is so, it is easy to see some common themes emerging that make leadership in the Pacific sense of building consensus very hard.

To build consensus you need at least a semblance of a shared view on a majority of issues. However, in the modern world of instant information, and also disinformation, it is hard to know what to believe. Is globalisation a good thing? Is trade a good thing? Is democracy a good thing? There are so many voices on every issue, and every voice is effectively screaming to be heard, that it is hard to filter out what is important from what is not when you are bombarded with so much information. It is worse at a political level when every decision has political ramifications. Should we care about Georgia, Israel, the fate of whales, joining the WTO? Who is telling the truth or is the whole world simply out to exploit us in one way or another?

Sadly, the political solution is that it is safest to stand for nothing and to oppose everything. It is easier to criticise than to propose a solution. This is evident the world over and so it is no surprise to see this in the Pacific. One result may be the lack of leadership. In the past leaders were groomed over time. You ‘earned your spurs’ as a young person. Nowadays, folk are criticised too heavily and so quickly it is hard for future leaders to develop except those with such thick skins that you

* *Future shock is the shattering stress and disorientation that we induce in individuals by subjecting them to too much change in too short a time. - Alvin Toffler*

probably would not want such insensitive people as your leaders in the first place.

However, as with Pandora's box the information revolution brings with it chaos but also hope. Slowly we are beginning to see social media really take off. Out of the chaos groups and communities are (re)forming using social media as their main means of organisation. This has taken a long time to happen but its effect when it reaches a certain critical mass can be staggering as we have seen in the Arab Spring.

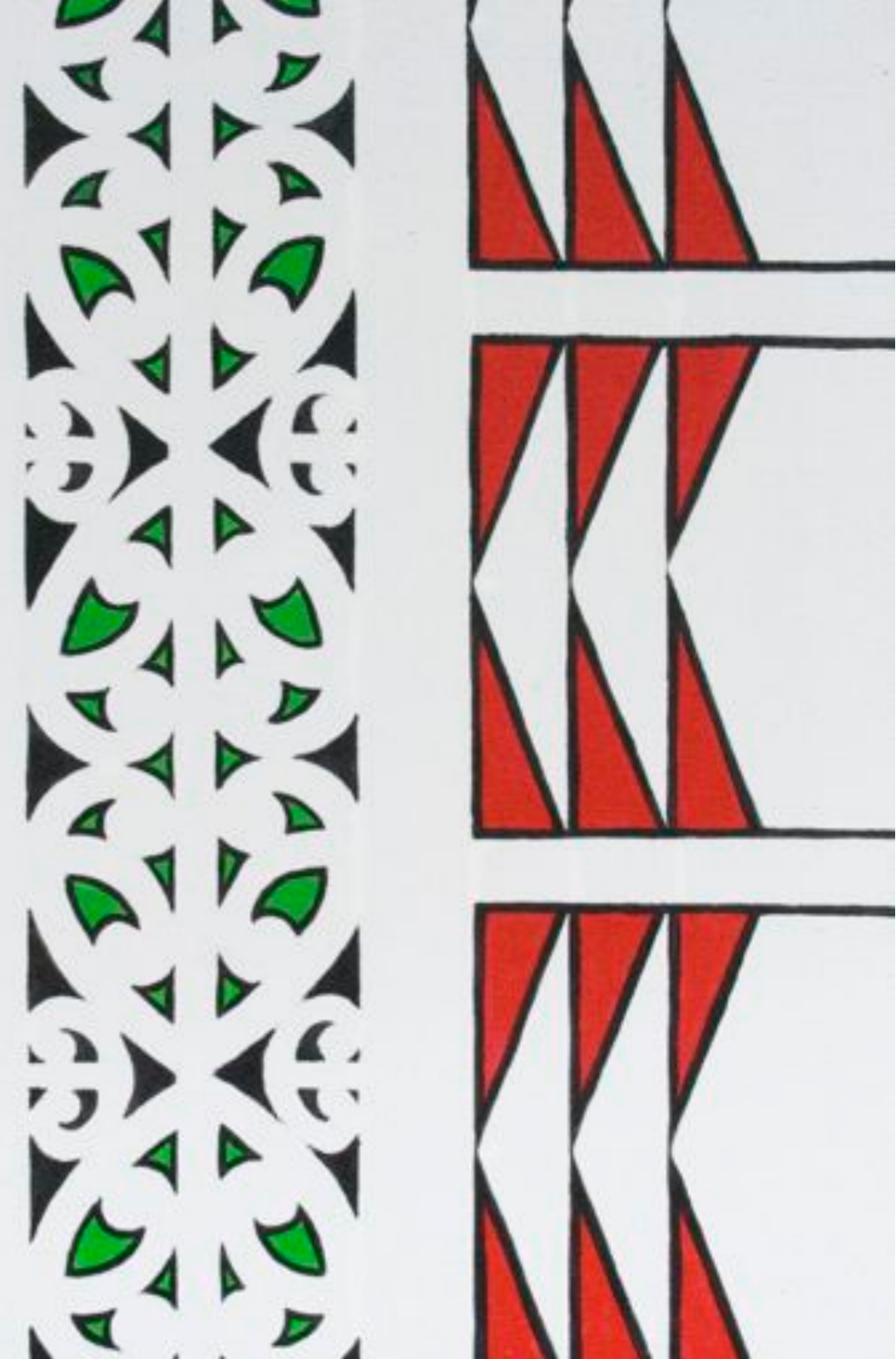
Many people have asked when will there be a Pacific Spring? But it is likely a way off yet. The Middle East had benefitted from being part of the technological revolution – this revolution has not yet fully reached the Pacific as we lag far behind in terms of communication infrastructure. But it will come.

Tradition and culture far from being in opposition to the information revolution are likely to be preserved by it and so are possibly some of the earliest beneficiaries. I believe these traditional and cultural groups will form the basis of the initial social media groupings in the Pacific that are formed outside of academia. We already see significant groupings on social media defined by country and inter-country context.

Slowly forums are developing and are becoming more influential. The work of PiPP is helping people across the region to begin to openly debate critical issues that affect their lives, in a safe environment, and with access to information and knowledge that may be beneficial to them. These are essential elements of the future of policy debate in the Pacific, and have the capacity to lay the groundwork for exactly the type of social cohesion and leadership on certain issues that have been so difficult to develop in recent years.

Therefore, I congratulate the staff of PiPP for their efforts during another challenging year for us all. I believe the institute is laying the necessary foundations for what will one day become the Pacific Spring – a revolution that will not be televised: It will be blogged, tweeted, shared and 'liked'.

Nikunj Soni
Board Chair, March 2012





Thinking for ourselves

‘The nation suggested by map-makers remains a sparsely imagined construct’ - Roland Rich

IN THE four years that PiPP has been empowering debate, nothing has sparked such a response as the Youthquake paper released in early 2011. In it we asked the troubling, but important question: will democracy be sunk by demography in our region? The Pacific in general, but Melanesia in particular faces a serious demographic challenge. More than half the population is under the age of 24, and in broad terms, urban populations are doubling every 17 years, while national populations are doubling every 30 years. The combination of pressures on land, jobs, geopolitics and failing systems of government are creating anger and frustration with potentially serious consequences for continuing peace and order in the region.

As the Arab Spring unfolded on the other side of the world, with young people at the heart of calls for democracy, there was an evolving understanding that the prevailing democratic systems are adding to the problems of poor leadership in our part of the world. By the end of the year, the region was gripped with the political and constitutional crisis that unfolded in Papua New Guinea. Confounding the prophecies of external commentators, the leadership dispute did not spill over into civil unrest or a total breakdown of order.

The reality of the current political dynamic is that we remain firmly entrenched in an era of ‘Big Man’ politics. Many see that as a failure in itself, but traditional leadership, ‘Big Man’ leadership, has worked at the community level for a long, long time. There are checks and balances to ensure that it works in the interests of the collective.

With the majority of the region’s people disconnected from political discourse and government service delivery, it is completely rational human behaviour that political relationships are typically characterised by patronage. That will change, although not for another few election cycles.

Unpalatable as it may be, the underlying set of challenges facing countries within the Pacific relate to the ongoing transition from colonial outpost to modern nation state. In today’s world of distance-defying technology, cheap travel and the aid industry it is easy to forget the not too distant past. But not everyone forgets what was it like to be a non-citizen in her or his own land.

With most countries in the region in the order of just 30-40 years old, the nation-building project remains in relative infancy. In many cases, we are yet to define the type of development we want; the role we want to play on the world stage; and perhaps most importantly, how to protect and enhance our own values and customs in a rapidly evolving global landscape. As the region’s premier network of thought leaders, PiPP makes a significant contribution to the necessary national and regional conversations that cover these three domains.

In 2011, our research focused on pertinent themes of governing systems, urbanisation, trade, information technology and food

security. At the same time we invested considerably to improve our research uptake and communications efforts.

As commentators lamented another lacklustre Pacific Islands Forum, there was widespread acclaim for the Pacific Debate, PiPP's premier event that was staged on the sidelines. Leading into the Pacific Urban Forum, which was jointly hosted by the United Nations and Commonwealth Local Government Fund, the Pacific Debate provided some sobering evidence of how rapid urbanisation is challenging the very fabric of Pacific society. At the same time, it was pointedly made clear that centralising growth around functioning urban centres poses potential solutions to long held development challenges. In any event, it is now abundantly clear that neither governments across the region nor their development partners can ignore the case for better urban management.

Since establishing PiPP in 2007, we have uniquely positioned ourselves as a non-partisan resource and partner for political actors. Support for political parties is something that was amazingly overlooked through all the 'good governance' programmes of the last decade, which focused solely on the public service and government institutions. In 2011 we pioneered the MP Face to Face initiative – much like a 'townhall' meeting, we took elected leaders to their constituents and facilitated a conversation about the issues that matter to people's lives. The reception from politicians and the public alike was overwhelmingly positive – and we look forward to seeing this initiative take hold elsewhere in the region.

Building on the success of the question and answer format of Face to Face, we piloted a sub-regional event, which saw an esteemed panel of experts from Vanuatu, Solomon Islands, Fiji and PNG come together in Port Moresby to answer the question: The world is coming to Melanesia, are we ready? As with all of our events, we work closely with local and regional media to provide access to an ever-increasing television audience across the region.

The first ever opinion poll conducted simultaneously in the Melanesian countries of PNG, Solomon Islands, Vanuatu and Fiji was widely reported throughout the Pacific and beyond, and informed national leaders assembling for the annual Melanesian Spearhead Group meeting. Later in the year, the inaugural meeting of the Polynesian Leaders Group vindicated PiPP's promotion of strong sub-regionalism as a means of defining (and not undermining) strong regional solutions. With such vast differences across the Micronesian, Polynesian and Melanesian countries, the existence now of representative sub-regional groupings will hopefully refocus the Pacific Islands Forum on relevant policy coordination and fostering political linkages.

Rarely does PiPP advocate a policy position – the individuals that make up the PiPP network all legitimately hold varying views on issues, but the organisation does not seek to do so. However, the hysteria that surrounded the debate over Vanuatu's intention to join the World Trade Organisation led us to issue a sober analysis of the facts as a means to redress the misinformation. In order to avoid any doubt about our intentions, we fully declared our conclusion that all things considered, having a seat at the world's economic parliament is an important defensive mechanism that may give the country more options to ensure its best interests ahead. We have also strongly made the case for greater migration pathways for Melanesian countries and Kiribati. We were therefore pleased

to witness the advancement of Australia's Pacific seasonal worker scheme in 2011.

In the coming year we will celebrate our fifth birthday. Over the last five years our presence and activities have matured to enable us to make a significant contribution to the development of the region we love, and in which we live. We would not have been able to get to this point without the tireless dedication and effort of our staff (past and present), board members and growing network of associates – and for that we say thank you!

Derek Brien
Executive Director, March 2012





2011 Report card

Stimulating debate

IN A year in which a number of countries across the Middle East and North Africa erupted in popular uprising, many questioned whether we were also inching towards a 'Pacific Spring'. The PiPP discussion paper *Youthquake* (March, 2011) noted a growing disillusionment with current political systems and the self-serving antics of political big men across the Pacific. Commenting on *Youthquake*, Rowan Callick, Asia-Pacific Editor at *The Australian* newspaper (5 April, 2011) said: 'as people in the Pacific gain access to more information, they are becoming less satisfied with the levels of leadership and services in their communities. The ultimate options are unclear, but it is important to note that a debate is under way'. In the four years since PiPP was established, the institute has taken a leading role in providing an independent and safe space for informed and inclusive policy debate in the Pacific.

GRADE: 2011 HIGHLIGHTS:

B+

- PiPP discussion papers highlighted important, interrelated questions around political reform and governing systems (*Youthquake*) within the context of a rapidly urbanising, youthful population (*Urban Hymns*). The popular assumption that nobody goes hungry in the Pacific was challenged in the discussion paper *Food For Thought*, which exposed real concerns about food security in the region.
- *The Pacific Debate* – PiPP's annual premier event (pacificdebate.com) - highlighted the growing trend of urbanisation in the Pacific, as the debate teams explored what that meant in terms of government priorities, service delivery and the future of subsistence agriculture as the prevalent way of life in the Pacific.
- *MP Face to Face* – a series of 'town hall' public meetings brought together members of parliament and their constituents for a lively discussion on key policy issues. Pioneered in Vanuatu ahead of the 2012 elections, the PiPP facilitated Q&A sessions have been broadcast live on national radio and rebroadcast on television.
- *Melanesia Face to Face* – Nearly 30 years after Fiji, Papua New Guinea, Solomon Islands and Vanuatu came together as a political alliance, PiPP gathered an esteemed panel of experts in Port Moresby to discuss a variety of issues around the readiness to take advantage of Melanesia's newfound position on the global stage: Are governments and the Melanesian Spearhead Group doing enough to harness the potential of the region's population, resources and geography?

KEY LESSONS:

PiPP has deliberately deviated from the conventional 'think tank' model by not providing the answers, but rather to focus on getting the debate started and keep it going. PiPP events and activities have demonstrated that people in the Pacific have questions to ask and things to say to each other, to their elected representatives and to the world about key issues (at local, national and international levels). We have demonstrated that given the opportunity and the space to engage in discussion and debate, the people in our region will take those opportunities and make good use of them. Increasingly we see the location of these debates being online and we hope to assist in facilitating such dialogue in the virtual world just as we have elsewhere.

KEY TO GRADES: A = Objectives exceeded B = Objectives achieved C = Satisfactory D = Cause for concern

Informing the debate

IN AN era of instant information and disinformation, governments the world over - even in the smallest of countries - face increasingly complex policy challenges. In 2011, the Pacific witnessed a particularly polarised debate on the impact of global trade as Samoa and Vanuatu joined the World Trade Organisation. The trade debate in the Pacific continues to be fuelled more by emotion and ideology than facts. There will (and should) always be disagreement on pressing policy issues, but important national debates need to be informed by reliable evidence and not just tabloid chatter. PiPP's role as discussion starter and information interlocutor differs markedly from those seeking to directly influence the debate or steer a policy agenda. While we acknowledge our potential to influence, we put a premium on our reputation to frame and inform a debate in a balanced way.

GRADE: 2011 HIGHLIGHTS:

C+

- *Joining The World's Economic Parliament* - PiPP's independent analysis of Vanuatu's bid to join the WTO presented an accessible guide to policymakers and the general public and demolished some of the myths about joining the global multilateral trading system.
- *Legal implications of climate change conference* – PiPP provided research support to members of the Republic of the Marshall Islands delegation, who co-hosted this international event with the Columbia Law School. PiPP's participation in the discussions in New York brought attention to the thorny issues of migration and resettlement as scholars, diplomats and policymakers explored the legal ramifications for nations whose existence is threatened by rising sea levels.
- *Pacific Urban Forum* – PiPP chaired discussions on strengthening partnerships between Pacific government institutions and development partners to promote more effective national urban management policies and budgetary processes.
- *K* (K-Star)* – PiPP became an advisory member of the international K* alliance made up of key knowledge sector practitioners - collectively termed K* (KStar) - to foster connections and a global learning network to improve relationships between policy, practice and research and tools that can better inform policy debates.

KEY LESSONS:

Thousands of words have been written about ethereal concepts of trade rules, trade liberalisation, globalisation, competition, sector access, fiscal restructuring and many more but ... that's just gobbledegook. [WTO will impose] Darwin's evolution theory, Big Bang theory, Genetic Modification and cell manipulation combining with nano tech, Artificial intelligence and robots especially when machine's IQ will be higher than human, Abortion, Gay marriages etc. (Vanuatu Daily Post, letters to the editor).

These letters demonstrate both a frustration that important debates are typically only framed in overly complicated technical jargon and academic English, and the ignorance that can so easily fuel popular misunderstanding in the absence of accessible information. Improving access to accurate and reliable information in user relevant language and formats remains a core function of the institute as we forge new and deeper strategic partnerships aimed at getting key messages from a broader research base into the live policy debate.

Increasing awareness

PIPP papers, activities, events and media engagements are designed to raise awareness of the key facts relating to the major policy issues affecting the Pacific. The PiPP website and wider online presence increasingly serves as a medium for information exchange in a region that is still in its infancy in terms of internet uptake. Additionally, with the global geopolitical theatre currently playing out in the Pacific, it has become more important than ever for Pacific interests to be advanced on the international stage. PiPP provides a valuable role in helping to promote a better understanding of key regional issues and relationships through a Pacific lens.

GRADE: 2011 HIGHLIGHTS:

B+

- **Pacific Buzz** – A new product for 2011 that presents PiPP's fortnightly digest and analysis of contemporary policy issues. The Pacific Buzz is produced in collaboration with the Development Policy Centre, and has become a must read policymakers and members of the public across the region and beyond.
- **Island Dreaming: A Fresh look at Pacific regionalism** – this PiPP discussion paper helped to focus deliberations throughout 2011 on the future shape of a rapidly changing region in light of the great geopolitical forces at play, the continued attempts to define a regional agreement on closer economic relations and the role of sub-regional groupings. The year ended with the Polynesian Leaders Group established as an international governmental cooperation group, in a similar vein to the Melanesian Spearhead Group.
- **How To Win Friends And Influence Policy in the Pacific** – PiPP contributed this think piece to an investigation by Australia's Office of Development Effectiveness into the internal and external factors that make successful policy dialogue within the contexts in which AusAID works. PiPP also informed an Australian audience, as part of a special One Just World panel discussion filmed in Canberra, on how the recommendations of the *Independent Review of Australian Aid Effectiveness* and the Australian government's response could best impact development in Pacific nations.
- **Pacificpolicy.org** - Improvements to PiPP's online presence have resulted in a ten-fold increase in reach over the course of 2011. PiPP is also regularly called upon by regional and international organisations, research institutions and media for commentary on public policy and political issues - a selection of media coverage is published on the institute's website.

KEY LESSONS:

We have learned that more people from a wider range of places (US, China, Russia, Australia, New Zealand, Japan, Europe and the Middle East) want and need to know more about the Pacific as geopolitical structures and alignments shift, and shift rapidly. We recognise that we are well placed by virtue of our reputation and track record to provide key information to governments, development partners (established, new and returning entrants), researchers and the media. We accept this mandate and the obligations that come with it and we work hard at fulfilling it in a wide range of environments. We see our role in this regard expanding as increasingly global attention is focused on our region.

KEY TO GRADES: A = Objectives exceeded B = Objectives achieved C = Satisfactory D = Cause for concern

Improving research

PIPP is primarily a network initiative, and was established primarily to help get the key messages from the existing research base into the live policy debate. Within the worlds of research and policy there is growing awareness of this intermediary role that PiPP has pioneered in the Pacific, which seeks to ensure that research directions are informed by the potential users, users are strategically involved in the research and research findings are accessible and actually used in decision making.

GRADE: 2011 HIGHLIGHTS:

C

- **Melanesia Poll** – in a first for the region, PiPP piloted a simultaneous telephone poll across the four Melanesian countries (Fiji, PNG, Solomon Islands and Vanuatu). Released in the lead up to the annual Melanesian Spearhead Group leaders' meeting, the poll explored key international relationships, the Fiji political situation and West Papuan independence.
- **Net Effects** - PiPP undertook the third year of its tracking study into the social and economic impact of the telecommunications revolution that has gripped the Pacific. The in depth look at the Vanuatu experience since 2008, informed by an extensive household level survey, has sparked further analysis across the region including a four country study by the International Finance Corporation using a similar methodology.
- **Improving public policy: A North Pacific case study** – a summary paper of the PiPP pilot study that brought together key stakeholders in the Federated States of Micronesia, Palau and the Republic of the Marshall Islands to better understand the current policy environment and identify pragmatic strategies to strengthen policy processes.
- **Oceania Development Network** – In 2011, PiPP joined the ODN advisory committee in an effort to improve this regional research network. Other ODN affiliates that joined the advisory network include the Universities of Guam, French Polynesia and New Caledonia, Fiji and Papua New Guinea; the Solomon Islands College for Higher Education (SICHE) and the National Research Institute of PNG.

KEY LESSONS:

With core funding support, PiPP has been better placed to step back from focusing on commissioned research and consultancy work, to develop the research communications and synthesis role, which is where we believe we have the most impact. The value add that PiPP offers vis-à-vis research relevance and quality is less on the supply side, and more on facilitating a user friendly interface between the existing research base and policy stakeholders who need to be critically engaging with it. This knowledge brokering role further improves the relevance and reach of research in and about the Pacific by better contextualising methodologies and communication of findings. At the same time we seek to meet the demand from Pacific policy makers for policy options and analysis to assist decision making.



2011 Financial report

IT IS the responsibility of the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the institute at the end of the financial year and of its income, cashflows and changes in funds for that year.

The Board is also responsible for keeping proper accounting records and for safeguarding the assets of the institute by taking reasonable steps to prevent and detect fraud.

In the opinion of the Board, the financial statements for the year ended 31 December 2011 have been drawn up so as to give a true and fair view.

The Board confirms that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 2011.

The Board also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The members of the Board confirm that the summarised financial statements on the following pages are a summary of the information extracted from the full annual financial statements.

The summarised financial statements may not contain sufficient information to allow for a full understanding of the financial affairs of the institute. For further information, please consult the full audited financial statements for the financial year ended 31 December 2011, which are available from the institute's offices.

Approved by the Board
at its meeting on 6 March 2012

We have audited the financial statements of the Pacific Institute of Public Policy which comprise the balance sheet as at 31 December 2011, the income statement, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out in the report of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements have been properly prepared in accordance with the provisions of the Charitable Associations Act (Consolidated) [CAPI40] and give a true and fair view of the financial position of the entity as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have examined the summarised financial statements of the Pacific Institute of Public Policy for the year ended 31 December 2011. We have also read the other information contained in the annual report and considered the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the summarised. In our opinion, the summarised financial statements on the following pages are consistent, in all material respects, with the full audited financial statements of the Pacific Institute of Public Policy for the year ended 31 December 2011.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited financial statements. Accordingly, reading the summary financial statements is not a substitute for reading the financial statements.

LAW PARTNERS, Chartered Accountants, March 2012

INCOME STATEMENT FOR PERIOD ENDED 31 DECEMBER 2011

OPERATING REVENUE	2011	2010
Core funding grant	82,979,370	50,336,000
Project income	21,884,117	25,808,856
Interest income	44,532	136,374
Other income	484,003	-
TOTAL REVENUE	<u>105,392,022</u>	<u>76,323,432</u>
OPERATING EXPENSES		
Programming, network and administration		
Personnel costs	8,135,270	9,501,861
Operational costs	11,321,965	4,429,935
Travel costs	8,611,292	2,713,069
	<u>28,068,527</u>	<u>16,644,865</u>
Research and special projects		
Personnel costs	25,560,536	25,932,279
Operational costs	3,399,190	4,424,196
Travel costs	5,704,273	7,959,386
	<u>34,663,999</u>	<u>38,315,861</u>
Communications, events and reseach uptake		
Personnel costs	17,027,222	10,220,543
Operational costs	5,168,762	1,952,807
Travel costs	5,240,237	315,682
	<u>27,436,221</u>	<u>12,489,032</u>
TOTAL OPERATING EXPENSES	<u>90,168,747</u>	<u>67,449,758</u>

STATEMENT OF CHANGE IN FUNDS

Balance at beginning of the year	16,502,770	7,629,096
Operating surplus/(loss) for the year	15,223,275	8,873,674
Balance at the end of the year	31,726,045	16,502,770

BALANCE SHEET AS AT 31 DECEMBER 2011

CURRENT ASSETS	2011	2010
Cash	29,564,656	5,344,113
Receivables	2,642,400	8,374,846
Other assets	595,285	428,744
Total current assets	<u>32,802,341</u>	<u>14,147,703</u>
Non-current assets		
Property, plant and equipment	5,251,465	3,808,568
Total non-current assets	5,251,465	3,808,568
TOTAL ASSETS	38,053,806	17,956,271
CURRENT LIABILITIES		
Creditors and accruals	981,543	671,771
Provisions	804,918	781,730
Total current liabilities	<u>1,786,461</u>	<u>1,453,501</u>
NON-CURRENT LIABILITIES		
Provisions	4,541,300	-
Total non-current liabilities	4,541,300	-
TOTAL LIABILITIES	<u>6,327,761</u>	<u>1,453,501</u>
NET ASSETS	31,726,045	16,502,770
Accumulated surplus	31,726,045	16,502,770
TOTAL ACCUMULATED SURPLUS	<u>31,726,045</u>	<u>16,502,770</u>

NOTES:

The financial statements are presented in Vanuatu currency (Vatu) which is the Institute's functional and presentation currency.

Foreign currency transactions are translated to Vatu at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the income statement in the year in which the exchange rates change.

Core funding provided by the Government of Australia Agency for International Development. A complete copy of financial statements audited by Law Partners Chartered Accountants is available upon request - email pipp@pacificpolicy.org

Looking ahead

Themes to be explored in 2012 include

DIRECT DEMOCRACY AND SOCIAL MEDIA

INTERNET use is on the rise throughout the Pacific. From Fiji's warring blogs, to Vanuatu resort owners opening up new avenues of business, to expatriate Tongans sending cash and new cultural influences back home, the internet is ending the tyranny of distance and strengthening social bonds. Social media is rapidly changing how information is reported, shared and analysed. Online commenters, the vast majority of them young professionals, are increasingly demanding engagement from the powers that be. Governments have begun to take note of the economic –and therefore political– importance of telecommunications providers. With several elections pending this year, we will trace how technology is changing the relationship between elected officials and their constituents, and the broader political landscape.

SHIFTING GEOPOLITICS

We are now in the Pacific Century, but what does that mean for island states? There is a perception that the centre of gravity in terms of trade and security issues has shifted to the Pacific rim, with much of the discussion being defined by the big global players – the US and China. Where are the Pacific island voices in this to talk about their own hopes for peace and prosperity? What can small island states do to manage the diplomatic challenge of accommodating superpower rivalry and avoid turf wars in our region? We will explore the moves made by the US, China, Russia, Australia and others in the region, without losing sight of the need to hear island viewpoints and strategies. We will hear from Pacific island defence experts what they think are the major security issues facing the region and how best to take advantage of renewed interest in the Pacific. We will offer a clear-sighted analysis of the advantages and disadvantages of US and Chinese rivalries, and co-operation in the region.

CREATIVE ECONOMIES

The Pacific islands have traditionally been seen as having limited economic potential. With a very small manufacturing base and a reliance on tourism, donor aid and basic agricultural commodity exports, island economies have long been challenged by geography, labour skills and economies of scale. But are we missing something? The creative economy – based on art, music, film and media is known to have an important flow-on effect on tourism and broader investment. New Caledonia with its impressive Tjibaou Cultural Centre has long been an attractive destination, but many independent nations have allowed national museums to decay and close, and none have what could be described as a museum of modern art or commercial galleries. Can we build a creative economy to help grow the wider economy?

SHARED SOVEREIGNTY?

If we stripped away donor aid and the trappings of sovereignty, how viable are Pacific states? That is the provocative question being posed by some Pacific commentators who are questioning the very existence of some microstates. While the established Melanesian nations can make a good argument to exist as independent states, can the same be said for small Polynesian and Micronesian states? Not an easy question to face, but one that is necessary as the combination of tiny populations, tiny economies, remote locations and climate change pressures require some serious thinking about the future. At the same time, there is increasing pressure to consider shared governance (i.e. pan regional regulatory bodies) and the revival of the term 'shared sovereignty' compounds the resistance to such pressures. No country likes to cede autonomy - and there is obviously more to a country than just its economy - we will explore the credible reasons for and against regional governance in a Pacific context.

ECONOMIC GOVERNANCE

Governance is a much derided and often misunderstood term in development circles. In its most basic form, governance is the process in which decisions are made. So 'good governance' should be all about improving the process. However, all too often the development focus is on the decisions made, and not the decision making process. Economic growth is dependent on governments making good decisions and requires stable institutions. If we are to reduce the number of bad decisions (e.g. monopoly markets, poor regulation, product bans) the focus will need to be on improving the decision making processes and long term investment in institutional capacity building. We will take a deeper look at what this means for island countries of differing sizes and economies in order to focus both government and donor efforts of improving governance and stimulating economic growth.

NATION BUILDING

In our region we have over one thousand languages, and a cultural make up that is as diverse as it comes. In this context, the transition from traditional custom economies to modern nation states presents a myriad of challenges and conflicts. For some countries, especially the larger Melanesian states, the nation building project is still in its infancy. We will explore the complexities of constructing or structuring a national identity using the power of the state to foster social harmony and economic growth.

The people behind PiPP

BOARD

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