

would indebt the Northern Province for a long period, in an age when multinationals use debt to keep small countries under their control while they loot their resources. USTKE camped out in front of the French High Commission and coordinated with other unions and protest groups to blockade Goro, strike at Tontouta Airport, and slow down trash pickups and gas distributions, while opponents erected their own roadblocks in counter-protest (NC, 15 Dec, 17 Dec 2005). On 24 December, the SMSP decided to construct the Northern nickel plant with Falconbridge, who would completely finance the project with help from the SMSP dividends, while the State approved SMSP acquisition of title to Koniambo. The SLN would receive title to Poum, but only after Eramet had lost its court battle to retain Koniambo. It remained to be seen if INCO would buy Falconbridge (NC, 24 Dec, 27 Dec, 28 Dec 2005). Louis Kotra Uregei, former USTKE president, argued that it was his union's pressure that forced France to assure Jodar that it would support the Northern plant's construction by SMSP and Falconbridge, including key financial contributions and guarantees. Neaoutyine, Uregei said, had his own vision of how to solicit from France what Kanaky wanted (KOL, 7 Jan 2006). The North likes to negotiate patiently but relentlessly, while the unions keep up the pressure.

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PAPUA NEW GUINEA

Papua New Guinea solidified its position in the region in 2005 by hosting the Melanesian Spearhead Group meeting in Goroka as well as the Pacific Islands Forum in Port Moresby. Both of these meetings were held in the month of October. Despite its reputation as one of the most dangerous countries to visit, many regional leaders were impressed by the beauty of Papua New Guinea and its people.

More significantly, Papua New Guinea celebrated thirty years of independence as a sovereign state. Many commentators noted that this journey has not always been pleasant, mainly due to the declining state of the economy, infrastructure, and the provision of basic services such as health and education. However, Papua New Guinea stands out as one of the few former colonies that have managed to maintain democracy. There have been

a few challenges to democratic rule in Papua New Guinea but constitutional rule has always triumphed in the end. This is particularly notable given the social and cultural diversity of the country.

Papua New Guinea has developed a political culture of surprise and unpredictability. The year began with the idea of a grand coalition proposed by Prime Minister Sir Michael Somare. On the 31 December 2005 “Year in Review” program on EM TV news (Papua New Guinea’s national television service), Somare announced that his party, the National Alliance (NA), would go into a grand coalition with the Peoples National Congress (PNC), a party founded by Bill Skate but later led by Peter O’Neil. The proposal emerged from the events of 2004, when the parliamentary system fell into chaos as a result of members of Parliament testing the new Organic Law on Integrity of Political Parties and Candidates.

Somare’s grand coalition idea did not go down well with members of his own party. Don Polye, the deputy leader of the National Alliance–Highlands Region, argued strongly that taking the Peoples National Congress on board would further weaken the Opposition, and that the current ministers were performing exceptionally well. A veteran of thirty years in politics, Somare knew that his grand coalition was unlikely to happen, like similar initiatives that had foundered in the past.

Three deputy prime ministers had been dumped in 2004, and by April 2005 no new appointment had been made. MP Luther Wenge, the governor of Morobe Province, criticized

Somare in Parliament for not acting on this (*PNG Post-Courier*, 21 April 2005). At the end of May, Wenge asked the court to declare that Somare was constitutionally bound to appoint a deputy to fill the position, which had been vacant for twelve months (*PNG Post-Courier*, 30 May 2005).

In February 2005, Sir Bill Skate (who died in January 2006 after suffering heart failure) decided to leave the Peoples National Congress he had founded, and join the middle benches to support the government on its initiatives. Sir Bill stated that the time to play petty politics was over and that he would concentrate on helping his electorate and the government.

A Supreme Court reference was withdrawn by Chief Ombudsman Ila Geno, after he questioned the legality of a five-month adjournment of Parliament (*National*, 22 April 2005). Geno went to court after the government, faced with an imminent vote of no confidence, adjourned Parliament from 21 January to 29 June 2004. Geno argued that the adjournment breached the constitutional requirement that Parliament sit for at least sixty-three days. He withdrew the order after Parliament made up for the days that had been missed. The long adjournment of Parliament is a tactic used by governments to avoid votes of no confidence that have become the norm in Papua New Guinea politics.

In a workshop organized by the Institute of National Affairs on the theme “Understanding Reforms,” two national academics, Dr David Kavanamur and Dr Henry Okole, argued that the reforms actually undertaken by successive governments provided

the least benefit to the economy, while the ones promising the greatest benefits were avoided. The academics concluded that election years coincide with budget blowouts because public funds are deliberately channeled to end up in the hands of members of Parliament and political parties. They also pointed out that many politicians abandon reform packages in order to get reelected; that members of coalition governments can force a prime minister to jeopardize reform efforts; that there was often excessive optimism about the expected outcomes of reforms; and that many reform efforts failed to take into account the likelihood of resistance from those negatively affected (*National*, 23 March 2005). Allan Patience, professor of politics at the University of Papua New Guinea (UPNG), argued that there was a long way to go before real reform could take place in Papua New Guinea. Despite efforts to institute reforms, the country has a poor record of economic growth and is ranked very low in global indicators of human development (*National*, 23 March 2005).

In May 2005, the prime minister announced that members of Parliament would receive a pay raise due to increases in the cost of living (*PNG Post-Courier*, 6 May 2005). It has become common for members to receive pay increases every year, while public servants are told that the economy cannot afford raises for them. The pay award would be considered by the Salaries Remuneration Committee, which is chaired by the Speaker of Parliament and includes others who would benefit from the pay raise. Meanwhile, the Women

Doctor's Association started a fund-raising drive to collect 10 million kina to replace the country's only radio-therapy machine capable of detecting cancer, which broke down a decade ago. The government has not committed to assisting this very important cause.

The public service was beset by a number of controversies during the year. The first arose after incumbent Attorney General Francis Damen's contract expired in January 2005, and State Solicitor Isikiel Mesulam was appointed to act in the position. Damen questioned the appointment (*PNG Post-Courier*, 19 Jan, 20 Jan, 21 Jan 2005), contending that proper procedures had not been followed. He also pointed out that Mesulam was under police investigation regarding a videotape allegedly containing pornographic materials. Mesulam was eventually convicted for producing the video, and the appointment of a new attorney general was postponed.

The Foreign Affairs Department also came under fire from politicians for encouraging corruption, especially in its Immigration Division. Two staff members from that division were suspended after one received money for processing illegal working permits for foreigners, and the other was accused of issuing seventy-eight illegal visas (*PNG Post-Courier*, 6 May 2005).

The Public Accounts Committee (PAC) raised questions about the appointment of the auditor general, because the National Executive Council had apparently ignored the PAC recommendation and appointed someone whose name was not even on the shortlist (*National*, 25 Feb 2005). This appointment was also criticized

by Kevin Pamba in his weekly newspaper column. He noted that many of those appointed to senior positions in the public service were from the prime minister's province, East Sepik, resulting in what Pamba termed "the Sepik Tsunami" (*National*, 8 March 2005). A similar avalanche of appointments of people from one part of the country had occurred during the term of Prime Minister Bill Skate.

The Public Accounts Committee also uncovered massive fraud and corruption activity in the Public Curator's office. The committee stated that this office did not maintain proper accounting records for the millions of kina in assets of deceased people for which it was responsible (*National*, 14 April 2005). According to PAC Chairman John Hickey, "We are dealing with a very serious matter of theft, misappropriation, mismanagement and fraud of deceased estates and a thorough investigation needs to be carried out" (*PNG Post-Courier*, 14 April 2005).

In February 2005, the government began preparations for the historic election on Bougainville that would pave the way for a new Autonomous Bougainville Government (ABG). The process began with the review of electoral boundaries in Bougainville supported by the Papua New Guinea Electoral Commission (*National*, 3 Feb 2005). A high-powered bipartisan committee led by Inter-Government Relations Minister Sir Peter Barter held talks with senior members of the Bougainville administration. The issues discussed included Francis Ona's Me'ekamui movement and their "no-go zones"; rehabilitation of district administration centers, roads,

and communication systems; peace and reconciliation; weapons disposal; and the elections (*PNG Post-Courier*, 21 Feb 2005). The committee also met with the South Bougainville Council of Elders. This visit began a close working relationship between the national government and the Bougainville leaders toward the institution of the autonomous government in Bougainville.

In preparation for the election, scheduled to begin on 20 May, work on the common roll started in March. Many of the new enrollments were from the no-go zones, indicating people's willingness to participate in the political process. Ten international observers from the United Nations, the Commonwealth, the Pacific Islands Forum Secretariat, as well as Australia, Japan, and New Zealand were invited to monitor the elections.

Leader of the Opposition Peter O'Neil challenged the idea that Bougainville should get autonomy, claiming that there would be chaos and fragmentation if other provinces were to follow the precedent. O'Neil himself was pushing for the National Capital District to be given the status of a province (*National*, 1 March 2005), and leaders from East New Britain Province were adamant that the arrangement given to Bougainville should also be given to them. Nevertheless, they have pledged total loyalty to the government of Papua New Guinea.

A few months before the elections Francis Ona, who had initiated the crisis in 1988, made public appearances in Arawa and Buka. Ona had been living in the no-go zone for sixteen years and this was the first time

that he had come out of hiding. During his first day in public he reiterated that Bougainville was independent, that there was no need for autonomy and elections, and that Australia was not welcome in Bougainville (*PNG Post-Courier*, 23 March 2005). Governor for Bougainville John Momis expressed regret over Ona's call to remove Australian and Papua New Guinea police from Bougainville, and argued that the people of Bougainville were committed to the peace agreement and wanted the autonomous government election to be held without delay, so that they could deal with the issues of good governance, development, security, and the efficient provision of services (*PNG Post-Courier*, 24 March 2005).

By April, it became clear that John Momis, the longest-serving regional member for Bougainville, would resign his seat in Parliament and contest the elections for the Autonomous Bougainville Government. His principle opponent was Joseph Kabui, who had been the provincial premier when the crisis began. In an emotional atmosphere in Parliament, Prime Minister Sir Michael Somare fought back tears to farewell John Momis after thirty-three years of service. Describing him as a visionary leader who always followed his beliefs, Somare praised Momis for his efforts in shaping the national constitution, and helping him bring democracy to Papua New Guinea. Momis told Parliament that he had always believed that power and decision making should be brought closer to the people.

ABG voting started on Friday, 20 May 2005. The polling was peaceful

and many members of the Me'ekamui faction also took part in the voting. According to the leader of the team of international observers, Ratu Epeli Nai-Lati Kau, the election was well prepared and well conducted. With the wide publicity, the process was credible and those who participated were motivated to vote freely (*National*, 30 May 2005).

On 5 June, Joseph Kabui was declared the duly elected ABG president. Kabui polled 37,928 votes, beating rival Momis, who polled 23,861. Soon after the declaration of the presidential winner, Momis disputed the election results and expressed his desire to seek legal advice. Momis claimed that there had been massive foul play, especially in Central and South Bougainville, where people voted more than once. Also, the number of voters did not correspond with the number of eligible voters on the common roll. However, Momis withdrew his official complaint in July (*National*, 22 July 2005), a move that was welcomed by many on Bougainville.

A chapter in the recent history of Bougainville came to a close on 24 July when Francis Ona, the self-styled leader of the Me'ekamui Republic, died suddenly in his village. Ona's death will eventually result in a new sense of direction for Bougainville. But this will come slowly, and only after his followers realize that the only option is to work with the Autonomous Bougainville Government and President Kabui to bring lasting peace to the island.

Toward the end of the year it was discovered that a number of Fijians, mostly former military officers, were

in Bougainville at the invitation of Noah Musingku, the head of a failed money-making scheme called U-Vis-tract. Apparently Musingku did not trust Bougainvillians and had attempted to recruit individuals from other parts of Papua New Guinea, as well as Fiji and Solomon Islands, for this scheme (*PNG Post-Courier*, 13 Dec 2005). The Fijians were said to be carrying out military exercises at Tonu in the Siwai District, South Bougainville (*PNG Post-Courier*, 9 Dec 2005). At the end of the year efforts continued to expel them.

Papua New Guinea took a further step in cementing its ties with Japan through a high-powered ministerial visit to Japan led by the prime minister and a number of his senior ministers. The prime minister met with Japanese leaders, including politicians, business leaders, and the emperor. During this historic visit, Papua New Guinea expressed its continued support for Japan in international forums. According to Prime Minister Somare, Japan has the market and technology while Papua New Guinea is blessed with the abundant natural resource and agricultural potential to supply the Japanese market. Japan is Papua New Guinea's second largest aid donor, providing some 120 million kina annually.

In March 2005, the government also signed a treaty with the Solomon Islands government to enhance development efforts in the region. The treaty was in line with the long-term objective to assist Solomon Islands and to strengthen shared "Melanesian principles." Papua New Guinea also established closer ties with Fiji through trade promotion between the

two countries. Fiji's foreign affairs and external trade minister described Papua New Guinea as a "Pacific Tiger" in terms of trade and economic development (*PNG Post-Courier*, 16 March 2005).

Diplomatic relations between Australia and Papua New Guinea hit bottom when Prime Minister Sir Michael Somare was searched by security personnel at the Brisbane airport. Somare was on his way back to the country after a meeting in Auckland with leaders from other Pacific countries. On his return to Papua New Guinea, Somare expressed concern about the treatment he received, and there were numerous public protests in Port Moresby and Lae. A petition was delivered to the Australian High Commission in Port Moresby, and High Commissioner Michael Potts was summoned to the Foreign Affairs Department (*National*, 30 March 2005). However, the Australian government refused to make an official apology, stating that this was a routine check. In response, the PNG government cancelled a high-level meeting between the two countries on an aid package to Papua New Guinea.

Despite calls by members of Parliament such as Luther Wenge to sever relations, the Australian government allocated an estimated A\$492 million (1.247 billion kina) to Papua New Guinea as official development assistance for 2005–2006. Aid for Papua New Guinea and Solomon Islands comes under a new Australian government policy known as the "fragile states" initiative, which seeks to consolidate aid, security, economic, and political aspects of the relationship.

Australian Foreign Affairs Minister Alexander Downer said Papua New Guinea and Solomon Islands demonstrated the problems facing “fragile states”—a shift from the “failed state” label Australian politicians, journalists, and analysts have often used to describe the two countries (*PNG Post-Courier*, 12 May 2005).

A new era of cooperation between Papua New Guinea and Australia resulted in the implementation of the Enhancement Cooperation Program (ECP), an aid package of 2 billion kina (A\$800 million), fully funded by the Australian government. An important aspect of this program was the utilization of Australian police officers to work alongside their PNG counterparts. This program was welcomed by the residents of Port Moresby, who for the first time saw Australian Federal Police (AFP) officers patrolling the streets with their PNG counterparts. The police minister urged PNG police officers to work closely with the Australian police. Despite the deployment of the Australian assisting police in Port Moresby, crimes such as armed robbery, car theft, and assault continued to increase in the city (*National*, 7 April 2005). The increase in these crimes is attributed to the fact people feel that they will be treated more nicely when arrested by the Australian assisting police than by Papua New Guinean police officers.

By April there were signs of discontent with the assistance package among Papua New Guinea police officers. AID Watch, an activist group monitoring Australian overseas aid and trade policies, reported that a very small portion of the ECP money would actually be used to combat law

and order problems in the country (*PNG Post-Courier*, 28 April 2005). According to the group, of the A\$800 million (2 billion kina) funding, the amount for salaries and accommodations for the Australian Federal Police was A\$339.8 million (871.28 million kina), while A\$394.59 million (1 billion kina) was for AFP logistics and operational costs. The report revealed that the Australian Federal Police would spend A\$734.41 million (1.9 billion kina) on themselves, while technical assistance for the Royal Papua New Guinea Constabulary amounted to only A\$55.7 million (143 million kina) (*PNG Post-Courier*, 28 April 2005). This information led to a series of meetings held by police officers in Port Moresby. The differences in the working conditions of local police officers and their AFP counterparts also came under fire in Parliament. Members of Parliament pointed out that Australian and local officers might clash (*PNG Post-Courier*, 29 April 2005).

In another major blow to the program, PNG security officers accused the Australian assisting police of conducting surveillance and intelligence gathering on Papua New Guinea under the guise of the Enhancement Cooperation Program (*National*, 29 April 2005). They also claimed that the Australian police had installed a satellite link at the operation room at the Boroko Police Station without the approval of the police commissioner.

In early May, following a meeting attended by 300 police officers, an ultimatum was given to the police commissioner to remove the Australian assisting police from the country. Responding to the ultimatum, the

prime minister called for a review to ensure that the ECP policing component was working effectively (*National*, 9 May 2005). However, the AFP review had to wait, pending the legal challenge to the Enhancement Cooperation Program in the Supreme Court instituted by the outspoken Luther Wenge.

On 13 May the Supreme Court handed down a landmark decision when it ruled that the use of the Australian assisting police in Papua New Guinea was unconstitutional (*PNG Post-Courier*, 16 May 2005). A five-judge decision led by Chief Justice Sir Mari Kapi ruled unanimously that key sections of the ECP Act relating to the immunity for designated/related persons were unconstitutional. The ruling meant that the officers had to stand down until the two governments made other arrangements.

Many inside and outside observers were dismayed by the decision. Sir Rabbie Namaliu indicated that the government would make the necessary changes. The Australian foreign affairs minister expressed his disappointment, but said he would sit with the PNG government and work out what could be done next. Minister for Internal Security Bire Kimisopa, who was behind Australia's Enhancement Cooperation Program from the very beginning, also expressed his disappointment. Accepting the decision of the court, the minister stated that both governments have to go back to the drawing board. UPNG Professor Allan Patience argued that the decision would rock the very foundations of PNG–Australia relations and that the damage could be irreparable (*PNG Post-Courier*, 16 May 2005).

Despite the removal of Australian police officers from the country, other aspects of the Enhancement Cooperation Program remained in place. Some Australians were not affected by the court ruling and continued to work in various government departments (*National*, 20 May 2005).

The discussion of a new ECP arrangement began immediately after the court ruling. The police and foreign affairs ministers were both committed to renegotiating the program, and a cabinet decision gave full authority to the police minister to pursue the police aspect of the agreement (*National*, 12 Aug 2005).

The provision of basic education has been an ongoing dilemma for the government. In the *Education for All Global Monitoring Report* released by UNESCO in 2005, Papua New Guinea ranked 102 out of 127 countries. Figures from the 2000 national census showed that only about 40 percent of the primary school aged children were attending school at that time. In March 2005, the PNG Education Department launched its national education plan for the next ten years. The plan calls for the education system to provide children with skills rather than prepare them for tertiary education. The policy deliberately targets the thousands of young men and women who may not make it past years 8, 10, and 12, and who thus often join the growing unemployment numbers—hopelessly lost and dependent on parents and relatives in the cities and towns (*PNG Post-Courier*, 17 March 2005).

The tertiary education system was hit hard in 2005 when the staff and students at the University of Papua

New Guinea protested against the administration of the university. A work stoppage of two weeks occurred after staff demands for agreed wage increases were ignored. The administration continued its hard-line approach even after the staff went back to work. The leaders of the two staff unions and a number of senior academics were targeted by the administration, and nine staff members were asked to show cause why they should not be terminated.

The student protest began in July and lasted almost a month. Their demands focused on the grading system used at the university. The administration treated the students the same way that they treated the staff and this prolonged the protest. It was only after the intervention of the acting minister for education that the students went back to class. The minister appointed a committee headed by Dr Thomas Webster, director of the National Research Institute, to look into the allegations made by students and staff.

In February 2005, the Australian newspaper *The Age* claimed to have uncovered links between sixteen of Papua New Guinea's most senior police officers and Asian criminals implicated in people smuggling, money laundering, prostitution, illegal gambling, fraud, and theft. Police Minister Bire Kimesopa said that the report was credible and acknowledged the existence of an organized crime syndicate involving some senior members of the police force (*PNG Post-Courier*, 21 Feb 2005). The minister argued that the growing culture of corruption in the police force was a result of past governments not

tackling pressing issues including housing, pay, communication, logistics, and uniforms (*PNG Post-Courier*, 23 Feb 2005).

A highlight of 2005 was the establishment of a Guns Control Committee headed by retired General Jerry Singirok. Traveling to most parts of the country to collect information, the committee heard strong calls to immediately address the problem of illegal firearms. In Eastern Highlands Province it was discovered that many people have been killed during tribal fights by guns (*PNG Post-Courier*, 7 March 2005). In Mt Hagen the committee heard from a guns and drug dealer that guns are smuggled into the country in 200-liter gas bottles and 44-gallon oil drums (*PNG Post-Courier*, 4 April 2005). This informant was ready to reveal names of more than one hundred illegal gun buyers.

In the Southern Highlands, the committee heard that high-powered weapons were used in tribal fights, and that every tribe and clan was amassing guns in preparation for the 2007 elections. The committee was also told that the leaders themselves are arming the people. A study conducted by Professor Philip Alpers of the University of Sydney uncovered that approximately 2,450 factory-made firearms were being used by criminals, tribal fighters, and mercenary gunmen to wreak havoc in Southern Highlands Province. Professor Alpers said that most of the destructive firearms used in crime and conflict in the province had been supplied by PNG soldiers and police.

The fight by government, civil society, and foreign donors to address

the HIV/AIDS epidemic gained momentum in 2005. UNAIDS Executive Director Dr Peter Piot visited the country and noted that the 3 percent infection rate was high compared to other countries in the Pacific and East Asian region (*PNG Post-Courier*, 21 Feb 2005). The number of women getting infected was also high, which has serious economic and social implications. Since 2001, more than half of the 107 teachers who died while on duty suffered from HIV/AIDS (*National*, 31 May 2005). The National Superannuation Fund Limited reported that 90 percent of death claims relating to HIV/AIDS were from the Highlands Region (*PNG Post-Courier*, 10 June 2005).

The fight against HIV/AIDS was boosted by the establishment of a new organization called Igat Hope, made up of people living with the disease. Dr Banare Bun, chairman of the Parliamentary Committee on HIV/AIDS, urged people to make it their business to fight against the disease. Only when there is talk about sexuality and reproductive health will society be able to address the problem (*PNG Post-Courier*, 23 Feb 2005). The Australian government pledged its continued support to fund the PNG government's effort to fight the epidemic. AusAID head John Davidson said HIV/AIDS was the single biggest threat to Papua New Guinea (*PNG Post-Courier*, 17 March 2005). Two popular Rugby League players from Australia, Mal Meninga and Paul Harragon, visited schools and settlements carrying the messages of the dangers of the disease in society (*National*, 10 May 2005).

A major initiative of the Somare government was the District Treasury

Roll-out program. The program is designed to ensure that long-neglected districts obtain basic government services such as police, district magistrates, banking, and postal services. By the end of 2005, more than ten districts throughout the country had benefited from this program.

The Somare government also launched the Medium Term Development Strategy Plan: 2005–2010. Promoting the government's program for recovery and development, the plan has three interrelated objectives: good governance, export-driven economic growth, and rural development and poverty reduction to be achieved through empowerment of the people. It is a product of extensive consultation with the provincial and local level governments, the private sector, community organizations, and ordinary Papua New Guineans (*PNG Post-Courier*, 10 March 2005). Priority areas for the next five years are the rehabilitation and maintenance of transport infrastructure, promotion of income earning opportunities, basic education, development-oriented informal adult education, primary health care, HIV/AIDS prevention, and law and justice (*PNG Post-Courier*, 28 April 2005).

The plan was not without its critics, and Professor Allan Patience described it as "a feel good plan" that did not address many important issues—including disaster management, corruption, globalization, unemployment, and population growth—that could have a huge bearing on the economic and social prosperity of the country (*PNG Post-Courier*, 9 May 2005).

The forestry sector again came under scrutiny in 2005. Minister for

Forests Patrick Pruaitch came under attack by the member for Huon Gulf, Sasa Zibe. Arguing that the minister had allowed corrupt practices by foreign logging firms, Zibe urged Pruaitch to resign (*PNG Post-Courier*, 16 March 2005). Pruaitch's proposed amendment to the Forestry Act was opposed by provinces that have logging companies operating in them (*PNG Post-Courier*, 5 May 2005). The governors for Western Province and Gulf Province argued there was nothing wrong with the act as it stands, and that any amendments must take into account the interests of the people and not just that of the government (*PNG Post-Courier*, 13 May 2005). Members of Parliament also raised questions about how the prime minister would reconcile the proposed amendment with his push for carbon trading as a solution to climate change problems. Markham MP Andrew Baing warned that amendments to the Forestry Act would destroy the country's forest resources. Despite all the criticisms, Parliament passed the amendments during its sitting on 3 August.

A major blow to the forestry sector was the withdrawal of US\$34.4 million (112.4 million kina) by the World Bank for forestry and conservation project in the country. The loan agreement was designed to help government force logging companies to comply with forest and environment laws (*PNG Post-Courier*, 23 May 2005).

The Institute of National Affairs Council reported that it was pleased with the performance of the economy, noting that political stability had encouraged both investment and consumption (*PNG Post-Courier*,

16 March 2005). The United Nations Economic and Social Commission for Asia and the Pacific also praised the Somare government for maintaining tight fiscal discipline during 2005, which resulted in a surplus of 1.1 per cent of the gross domestic product (*PNG Post-Courier*, 12 May 2005).

In June, the PNG Treasury secretary reported that the economy would grow by a projected rate of 3.4 per cent. The economy had grown by 2.8 per cent in 2003 and 2.6 per cent in 2004 (*National*, 5 July 2005). Garth McIlwain, managing director of the Bank of the South Pacific, stated that the PNG economy is experiencing its best conditions in the thirty years since independence because of a sense of maturity in leadership (*National*, 3 Oct 2005).

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SOLOMON ISLANDS

By the end of 2005 much of the public discussion in Solomon Islands focused on the general election scheduled for 5 April 2006. Many people hoped that this election would bring in leaders who would steer the country away from the path it had followed in the last twenty-seven years of constitutional independence. Many were convinced that poor leadership