

Reviews of American Sāmoa, Hawai‘i, Sāmoa, Tokelau, Tonga, Tuvalu, and Wallis and Futuna are not included in this issue.

COOK ISLANDS

This review covers the two-year period from July 2016 to June 2018 and tracks a range of ongoing and emerging concerns. Featured here are the implications from the 2016 population census, Marae Moana (the national marine park), the Cook Islands’ impending Organisation for Economic Co-operation and Development (OECD) graduation to high-income country status, a controversial local tax amnesty, and events connected with the 2018 general election.

2016 saw the five-year national population survey get underway. Preliminary results of the 2016 census, which was held on 1 December, recorded a total population of 17,459 (MFEM 2018c). Including residents and nonresidents (mostly tourists), the count shows a 2 percent decrease from the 2011 census (MFEM 2018c). However, official reporting on population trends was delayed, as technical problems with equipment meant that the data had to be sent to New Zealand for compilation. Nevertheless, it is expected that the census data will show a further population drop, especially on the Pa ‘enua (outer islands), where development economist Vaine Wichman pointed out that island leaders and public health workers “have a fairly good handle on the ebb and

inflow of people to the islands” (CIN, 1 June 2017), so are able to anticipate changes and demands for services and resources. However, eighteen months on, the official details of people’s mobility in and out of the country, economic activity, housing, and well-being are still not available. On the face of it, it would seem that timely and informed public policymaking, planning, and service provisions will be impacted. But to some extent this is not necessarily a bad thing, because population-related policies need to be informed by more than just demographic trends, which invariably can be used to support the taken-for-granted arguments typically associated with the vulnerabilities and questionable viability of small island state development and economies (Baldachino and Bertram 2009).

Depopulation is a national concern and a political football (CIN, 31 May 2018), especially given its implications for the country’s labor force and its ability to support the tourism industry. However, it is important to also take account of the cultural and social imperatives that play a part in people’s mobility, aspirations, and experiences, which may help deepen understandings when interpreting population patterns and trends. For example, the cost of living and the ability to earn a living wage were the main concerns of the 2018 *Minimum Wage Rate Review Report* (Government of the Cook Islands 2018). The review panel agreed that the Cook Islands Census

2016 and 2016 Household Income Expenditure Survey would serve as the analytical basis for setting the minimum wage, along with a labor market assessment. However, in the absence of these major data sets, the panel concentrated on reviewing any major changes since the previous report in 2017. The review panel considered that “the main employers of minimum wage employees were the public sector, small businesses and the few businesses in the Pa Enua” (Government of the Cook Islands 2018, 3). As such, island administrations were likely to respond to an increase in minimum wage by reducing the work hours of minimum wage staff, assuming that there was no increase in the Pa ‘enua funding model to help meet the new rate (Government of the Cook Islands 2018, 4). So while their take home pay would not change, workers would have more time for other activities, including subsistence farming and fishing. Regardless, the cost of living remains relatively high due to the country’s small population, the reliance on imports to meet local consumption needs, and the distances that imported goods must travel, causing transport costs to affect the price of goods (Government of the Cook Islands 2018, 7).

Another aspect of the Cook Islands population to consider is the increasing number of tourists to the Cook Islands. The environmental and social sustainability of the country is now being put to the test with record high numbers of tourists reaching over 150,000 in 2017 (RNZ 2017a). Titika-veka Member of Parliament (MP) Sel Napa pointed out that “we should be safeguarding the very things that

make us a place that tourists want to visit, cramming as many tourists on to Rarotonga isn’t the way to go” (RNZ 2017b). Despite the launch of the Cook Islands Sustainable Tourism Development Framework and Goals in October 2016, which set some direction for attending to the numerous tourism issues, Napa contended that without upgrading existing infrastructure and utilities, such as the roads, water, power, and sewerage and waste disposal facilities, it would be difficult to sustain the increasing number of visitors. Furthermore, demands on human resources, public services, and accommodation capacity are increasing, as are the impacts on the lagoon environment. Of these concerns, Prime Minister Henry Puna said, “our elders gave birth to this industry but clearly, the future is in the hands of those growing up within it” (CIN, 13 Oct 2017). In this regard, urgency is needed in meeting these demands, which may include making use of donor partners and aid.

Increasingly, ocean matters are of political and public concern. In July 2017, the Marae Moana legislation to protect and conserve the Cook Islands’ marine environment came into effect. It established a multiple-use marine park covering the county’s entire economic exclusion zone of 1.9 million square kilometers (Burton 2017). After five years of consultation and planning with island communities and various interest groups, Marae Moana is now governed by a national council, which is chaired by Prime Minister Puna. Current, related activities include undertaking marine spatial mapping, which is an important aspect of governing certain activities such as

fishing, seabed mining, ocean exploration, and sustainable tourism activities. Marine protected areas around each island have been extended to fifty nautical miles, designating an area in which large-scale fishing and seabed mining activities are prohibited (*CIN*, 6 Feb 2018). As the world's largest marine protected area, Marae Moana also contributes to the Pacific Oceanscape project, of which the Cook Islands is one signatory among twenty-three other Pacific Island states and territories.

As ocean custodians, the Cook Islands' governance and protection of our waters is also a key part of the indigenous renaissance of the vaka moana (double-hulled voyaging canoe). The Cook Islands Voyaging Society has drawn on traditional knowledge of vaka akonoanga (vaka culture) to campaign alongside other Oceanic peoples, calling for the environmental protection of the ocean and speaking out against climate change, pollution, and unsustainable fishing operations.

However, the Cook Islands Voyaging Society suffered a setback when its vaka moana Marumaru Atua was damaged by fire in September 2017, requiring a complete rebuild (*CIN*, 17 Sept 2017). Funds toward the rebuild were offered from various local and overseas supporters, helping to establish the value of the Marumaru Atua as a learning institution of vaka culture and an icon of environmental sustainability. This was eventually recognized by the government; Cook Islands Minister of Finance Mark Brown announced a NZ\$255,000 (NZ\$100,000 = US\$65,227) contribution toward the cost of the

NZ\$320,000 rebuild, establishing the vaka's status as a national treasure. The Cook Islands Voyaging Society aims to have "mama vaka" back in the water in 2019 to continue the legacy of traditional sailing and navigation and ocean protection (*CIN*, 3 Feb 2018).

In response to being owed over NZ\$33 million of back taxes, in 2017 the Cook Islands Ministry of Finance and Economic Management (MFEM) put in place a tax amnesty. For a five-month period, all Cook Islands taxpayers were given an opportunity to clear tax debts or disclose evaded taxes without fear of prosecution. The amnesty allowed all additional taxes, such as late payment penalties and turnover taxes, to be written off (MFEM 2017b).

News of the tax amnesty was part of Prime Minister Puna's Christmas message to the nation in December 2016. However, a law change was required because the law at the time only allowed a specific government official, designated as the Collector of Taxes, the power to make individual tax write-off decisions on a case-by-case basis (*CIN*, 12 Jan 2017). The move was supported by both sides of the House, and the amnesty got underway in August 2017.

The amnesty was later extended to the end of March 2018. During that time, Minister of Finance Mark Brown announced that the government decided to write off all outstanding tax prior to 1 January 2010 as part of the amnesty. Worth NZ\$18 million, the intention behind the amnesty was to ease the burden on people and businesses as well as to enable the tax office to focus on the NZ\$14 million

debt, which had been accruing since 2010 (RCI, 2 Feb 2018). This was welcome news for those employees and businesses with tax debts. According to public accountant Mike Carr, for those taxpayers who were up-to-date or had cleared their tax debts, the news was less welcoming (CIN, 19 Feb 2018). This raised questions about the equity of law enforcement and the influence of politicians and business people on our tax administration (CIN, 19 Feb 2018).

An ongoing matter that reemerged during this period of review was the Cook Islands' impending graduation to and reclassification as a developed country by the Organisation for Economic Co-operation and Development (OECD). Following the country's continued strong economic growth (MFEM 2017a), this reclassification would mean that the Cook Islands would also graduate to high-income status. This is a disincentive for OECD donor countries to provide concessional loans and grants to the Cook Islands. Under the OECD's Development Advisory Committee (DAC) rules, financial assistance from donor partners will not count toward the official development assistance (ODA) target of 0.7 percent of gross domestic product (GDP).

In October 2017, the OECD confirmed the controversial graduation had been delayed due to insufficient supporting data. In his analysis of the possible implications of graduation, Dr Geoff Bertram argued that the OECD's use of a country's gross national income (GNI) to determine their income status is problematic because it is something that small economies such as the Cook Islands

do not calculate (Bertram 2016).

Instead, the OECD was using GDP as a proxy to GNI "to determine the graduation status, which is wrong," said MFEM Financial Secretary Garth Henderson (CIN, 2 Oct 2017). The OECD's DAC took the unusual step of granting the Cook Islands an extension to the end of 2018 to sort out its GNI data. Whether or not graduation takes place sooner rather than later, successfully managing the reclassification to a high-income developed country will require transitional arrangements to be put in place, including restructuring existing financial arrangements (Wyeth 2017).

To this end, restructuring such arrangements will likely include changes to taxation. Bertram offered some key considerations, such as raising the country's company tax rate, which is currently low (Bertram 2016, i). This is problematic because of self-imposed tax percentage thresholds adopted as part of its financial management arrangements.

Furthermore, Bertram suggested that one way to "free up resources for the financially stressed education, health and social impact sectors" would be to stop or privatize the NZ\$12 million annual subsidy that the government pays to Air New Zealand (Bertram 2016, ii). Bertram argued that, should the subsidy continue, "a case can be made for having it paid for by the private tourism sector which is the direct beneficiary" (Bertram 2016, ii). Bertram also identified "an unidentified outflow of up to [NZ]\$100 million per year from the economy, which "is likely the after-tax private-sector profits and land rents retained offshore rather than invested

back into the Cook Islands economy” (Bertram 2016, i). It would seem that Bertram’s suggestion of “capturing a greater share of this surplus” could be achieved by dropping the airline subsidy (Bertram 2016, i).

Related to the tax threshold mentioned earlier, Bertram proposed addressing the lingering effects of the Cook Islands’ “1998 austerity package agreed with its creditors New Zealand, Nauru, and the Asian Development Bank” (Bertram 2018, 44). At a meeting in Manila in 1998, this “cold-turkey cure” (Bertram 2018, 56) for the country’s fiscal excesses of the 1980s and 1990s involved imposing fiscal measures “in exchange for the writing-off of half of its [the Cook Islands’] debt” (Bertram 2018, 57). These measures stipulated that “public sector wages and salaries should be capped at 44 per cent of total revenue, falling to 40 per cent over time; debt servicing should not exceed 5 per cent of total revenue; the overall budget deficit should not exceed 2 per cent of GDP; and net debt should not exceed 35 per cent of GDP” (Bertram 2018, 57). In addition, one fiscal measure considered the most “serious . . . draconian . . . [and] straight from the hard core of the neoliberal austerity playbook” (Bertram 2018, 58–59) was that tax revenue should not exceed 25 percent of GDP (Bertram 2018, 57). What has resulted is a situation in which the shortfall in meeting the costs of sustainable tourism infrastructure development over the medium-term is met through increasing external aid, primarily because the fiscal ratios cap the government’s ability to raise revenue through taxation and borrowing. Thus, one of the

challenges in the graduation transition will be to find ways to deal with the lingering effects of the twenty-year-old Manila agreement.

Continuing on the theme of the Cook Islands’ relationship with New Zealand, in March 2018 the Labour Party–led coalition government arrived in the Cook Islands at the end of Prime Minister Jacinda Ardern’s Pacific tour. Prime Minister Ardern announced that changes would be made regarding Cook Islanders’ eligibility for the New Zealand Superannuation Fund. Making good on its promises to amend existing entitlement restrictions, Cook Islanders who have worked in New Zealand for over twenty years will no longer have to reside in New Zealand for five years from the age of fifty to qualify for the New Zealand Superannuation. This is considered good news, as it means that these individuals will be able to remain in the Cook Islands and continue to contribute to the local economy without further exacerbating existing demands on the labor force by leaving for a period of time (CIN, 14 March 2018; RNZ 2018c).

The review period concluded with the 2018 general election, which was held on 14 June with approximately 8,000 of 10,917 eligible people voting (MFEM 2018b; RNZ 2018d). The final count showed that the Democratic Party won 11 of the 24 seats, just one more seat than the Cook Islands Party’s (CIP) 10 seats. The One Cook Islands Party won 1 seat, with 2 seats going to Independent candidates. However, despite not winning the majority of the votes, it was the CIP that formed a majority government with the two Indepen-

dents and One Cook Islands Party. This gave them a majority of 13–11. The offer of ministerial positions and a reshuffle of portfolios saw first-time candidate for Tongareva (Penrhyn) Robert Tapaitau, Atiu candidate for the Teenui-Mapumai constituency Vainetutai Rose Toki-Brown, and the One Cook Islands Party candidate and former Cook Islands Party MP for Tupapa-Maraerenga on Rarotonga George Maggie Angene form the Cook Islands Party–led government. Of course, the space for such offers came about when Rarotonga-based Teariki Heather, the minister for infrastructure, Kiriau Turepu, the minister for agriculture, and Minister for Health Nandi Glassie lost their seats on Election Day.

A caretaker coalition government is now in place and awaiting the results of six petitions lodged following the election. It is expected that judicial decisions will be completed by September 2018. If successful, the Cook Islands Party–led government will continue to govern for a third consecutive term.

Despite winning the majority of votes in this election, the Democratic Party must surely be contemplating just what went wrong. For the second time in a row, they obtained more votes than the Cook Islands Party but failed to form a government. When Tina Browne, a prominent lawyer and Democratic Party leader, failed to cross the line to win the Rakahanga constituency, it must have been an outcome they could have done without, as it weakened their ability to negotiate a possible coalition arrangement.

All of the political parties touted

electoral reform as an issue to be addressed if elected. Voter distribution and constituency size has long been a political conundrum, with neither of the two major parties making moves to revisit the twenty-four-seat configuration while in power over the last twenty years. Apart from abolishing the overseas seat and reducing the electoral term from five to four years, little else has happened. Prime Minister Puna confirmed that he would back moves for political reform if reelected for a third term (RNZ 2018b). However, if his previous two terms are anything to go by, such moves seem unlikely without concerted public pressure.

Of note during this election were the ambitions, gains, and losses of the women candidates making up 12 of the 52 candidates. This is an increase of 5 from the 7 who stood in the 2014 election (CIN, 3 May 2018; MFEM 2018a). The Democratic Party loss of first-time candidate Tina Browne was certainly a blow after she had secured the confidence of the party to lead them into the election.

Despite Browne's loss, Te-Hani Brown's upset win over seasoned politician Norman George and CIP incumbent Nandi Glassie can be seen as a significant flower in the young candidate's *ei katu* (flower crown). Under the Democratic Party flag, she is at twenty-two years old set to become the youngest MP in the country and region. Cook Islands Youth Council President Sieni Tiraa said "If anything, this shows a strong call for change . . . most of all, we hope that Te-Hani will use this position of responsibility to empower the rest of our young Cook Island-

ers, and to stand for something new” (CIN, 18 June 2018).

Brown and her mother Rose Toki-Brown’s successful wins of both Atiu seats is also another first: a mother and daughter clean sweep. As reported in the last review (Newport 2017), Toki-Brown was originally elected as a CIP candidate in 2014 before crossing the floor in 2016 to become the first female opposition leader.

However, in June 2017 she quit the opposition coalition when William “Smiley” Heather was confirmed as the Democratic Party’s leader. This saw Toki-Brown return to the CIP camp to contest the 2018 election. Yet, the move was short-lived with Toki-Brown again jumping out of the CIP vaka. She ran as an Independent because she had been made to feel unwelcome and untrustworthy by the CIP (CIN, 15 June 2018). On winning her electorate, Toki-Brown subsequently rejoined the CIP government, this time as a cabinet minister responsible for health, justice, and agriculture (RNZ 2018a). With mother and daughter now holding political power in Atiu, whether justified or not, all eyes will be watching to see if the flip-flopping between parties continues.

Overall, the two years under review were the third and fourth year of the current government term. As such, the pressure has been on the government and political leaders to deliver on their promises and produce benefits for its citizens. Despite the political to-ing and fro-ing, it seems the Cook Islands Party-led government has managed to do enough to stay in power. However, with promises of political reform and tax increases a possibility, it remains

to be seen just what changes will take place over the next twelve-month review period.

CHRISTINA NEWPORT

References

- Baldacchino, Godfrey, and Geoffrey Bertram. 2009. The Beak of the Finch: Insights into the Economic Development of Small Economies. *The Round Table* 98 (401): 141–169.
- Bertram, Geoff. 2016. Implications of the Cook Islands’ Graduation from Development Assistance Committee (DAC) Eligibility. 2 Dec. http://www.mfem.gov.ck/images/documents/DCA_Docs/Development-Resources/Implications_of_the_CKI_Graduation_from_DAC_Eligibility.pdf [accessed 10 Feb 2017]
- . 2018. Why Does the Cook Islands Still Need Overseas Aid? *The Journal of Pacific History* 53 (1): 44–63.
- Burton, Adrian. 2017. Dispatches: Cook Islands Establish Marine Protected Area. *Frontiers in Ecology and the Environment* 15 (7): 353.
- CIN, *Cook Islands News*. Rarotonga. Daily.
- Government of the Cook Islands. 2018. 2018 Minimum Wage Rate Review Report for the Cook Islands. March. <http://www.intaff.gov.ck/wp-content/uploads/2018/05/2018-Minimum-Wage-Review-FINAL-8March2018.pdf> [accessed 22 July 2018]
- MFEM, Ministry of Finance and Economic Management. 2017a. Cook Islands Graduation from Official Development Assistance. Press release, 12 Oct. http://www.mfem.gov.ck/images/MFEM_Documents/CEO_Docs-from23Aug16/Press_Release_-_ODA_Graduation_12_October_2017.pdf [accessed 30 July 2018]
- . 2017b. Tax Amnesty 2017 Fact

Sheet. http://www.mfem.gov.ck/images/documents/RMD_Docs/Guides/RM_204_-_Tax_Amnesty_2017.pdf [accessed 17 July 2018]

———. 2018a. Cook Islands Parliamentary General Election 2018: Warrant of Declaration of the Election of Successful Candidates and the Number of Votes Received by Each Candidate. *The Cook Islands Gazette* 36/2018, 28 June. Available from <http://www.mfem.gov.ck/elections> [accessed 30 July 2018]

———. 2018b. Elector Population as at 12 June 2018. Available from <http://www.mfem.gov.ck/elections> [accessed 30 July 2018]

———. 2018c. Preliminary 2016 Census results. <http://www.mfem.gov.ck/census> [accessed 10 Sept 2018].

Newport, Christina. 2017. Polynesia in Review: Issues and Events, 1 July 2015 to 30 June 2016: Cook Islands. *The Contemporary Pacific* 29 (1): 127–134.

Pacific Women in Politics. 2018. Cook Islands: Election Candidate Numbers Increase by Six. 9 May. <https://www.pacwip.org/resources/news/cook-islands-election-candidate-numbers-increase-by-six/> [accessed 20 July 2018]

RCI, Radio Cook Islands. 2018. “The Minister of Finance Mark Brown has announced that after much consideration Government have now written off all outstanding tax prior to 1 January 2010.” Facebook, 2 Feb. <https://www.facebook.com/cookislandsparty/posts/the-minister-of-finance-mark-brown-has-announced-that-after-much-consideration-g/1488114901287382/> [accessed 21 July 2018]

RNZ, Radio New Zealand. 2017a. Cook Islands Visitors Up But Concern Over Sustainability. 6 Dec. <https://www.radionz.co.nz/international/pacific-news/345519/cook-islands-visitors-up-but-concern-over-sustainability> [accessed 21 July 2018]

———. 2017b. Cooks MP Says Rarotonga Tourism Becoming Unsustainable. 30 Oct. <https://www.radionz.co.nz/international/pacific-news/342640/cooks-mp-says-rarotonga-tourism-becoming-unsustainable> [accessed 15 July 2018]

———. 2018a. Cook Islands Cabinet Revealed. 11 July. <https://www.radionz.co.nz/international/pacific-news/361512/cook-islands-cabinet-revealed> [accessed 20 July 2018]

———. 2018b. Cooks PM Backing Calls for Political Reform. 23 May. <https://www.radionz.co.nz/international/pacific-news/358042/cooks-pm-backing-calls-for-political-reform> [accessed 20 July 2018]

———. 2018c. Easier Access to NZ Pension for Realm Countries. 8 March. <https://www.radionz.co.nz/international/pacific-news/352085/easier-access-to-nz-pension-for-realm-countries> [accessed 20 July 2018]

———. 2018d. Final Vote Count Complete in Cook Islands Election. 29 June. <https://www.pacwip.org/resources/news/cook-islands-election-candidate-numbers-increase-by-six/> [accessed 20 July 2018]

Wyeth, Grant. 2017. The Cook Islands Set to Graduate to “Developed” Nation Status. 6 Oct, *The Diplomat*. <https://thediplomat.com/2017/10/the-cook-islands-set-to-graduate-to-developed-nation-status/> [accessed 10 Oct 2017]

FRENCH POLYNESIA

The most important events during the year under review were the territorial elections of late April and early May 2018, in which Édouard Fritch, after essentially ruling as a usurper for the last four years, was able to consolidate his power as the country’s new strongman by receiving a democratic mandate. Besides the elections, the period