

## Political Reviews

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*The Region in Review: International Issues and Events, 2011*

NIC MACLELLAN

*Melanesia in Review: Issues and Events, 2011*

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## SOLOMON ISLANDS

Like the preceding year, 2011 was politically intense for Solomon Islands, marred by political instability and the actions of citizens frustrated over leadership neglect of pertinent issues. The year's most dramatic events were related to the ongoing and never-ending "musical-chairs politics" of National Parliament. Moreover, there was a change in the leadership of the ruling government. Also notable were the activities of nongovernment organizations and civil society groups in pursuit of a better life and services for Solomon Islanders. Some encour-

aging events and decisions are highlighted in this review as well. Political developments throughout 2011 again confirmed the adage that in Solomon Islands politics "anything is possible."

After the national general elections and the election of the prime minister in late 2010, the ruling National Coalition for Rural Advancement (NCRA) and the official Opposition were closely matched in terms of membership strength. For instance, at one point in February 2011, then-Opposition leader Steve Abana claimed that the two sides were even, at 24-24 (SIBC, 3 Feb 2011), but there were uncertainties over the real allegiances of some members of Parliament. Prime Minister Danny Philip and his advisers were very tactful in maneuvering through this volatile environment after the 2010 elections. Even as citizens anticipated an immediate fall of government, new ministers from the Opposition side of the House were sworn in to replace those who defected.

The first sign of a crack in the Philip-led NCRA government appeared when Minister for Forestry Bodo Dettke was relieved of his portfolio. It was alleged that Dettke was overseas when his sacking was announced, and he protested, asserting that he had been sacked for ordering the seizure of logs from *MV Pacific Banghu* in the Western Province a few months earlier. Despite that assertion, people felt that his initial appointment as minister for forestry had bordered on a conflict of interest, as he owns the Success Logging Company (*The Age*, 1 Sept 2010). Nevertheless his ministerial appointment had gone through, along with those of some

other newly elected members of Parliament of questionable character. These included Jimmy Lusibaea, a former militant who was then facing murder charges; Mark Kemakeza, who has an unresolved case of abuse of funds for fisheries projects in his constituency; and Snyder Rini, the short-lived prime minister ousted by popular riots in 2006 over corruption allegations. Their appointments as ministers made the initial formation of NCRA somewhat unpopular.

The “musical chairs” in Parliament continued into the first half of 2011. While the government and Opposition were matched in numerical strength, Prime Minister Philip kept the country in suspense and delayed the parliamentary sitting until March. Meanwhile, the prime minister seemed to have been having difficulties in appointing ministers to head vacant ministries. His special secretary, Andrew Muaki, responded to this and the delayed sitting by saying that “the four vacant ministries have already been filled up by acting ministers” (PINA, 3 Feb 2011). When six government ministers moved to the Opposition, the Philip-led government nearly collapsed, but the insecurity was rectified by a countermovement of six Opposition members of Parliament to the government camp. By April 2011 Prime Minister Philip had a majority to rule at least for a little longer.

Besides having to live with numerical uncertainty, a string of allegations of corruption and use of insider information did not improve the NCRA’s negative image. For instance, there was the so-called Intel Report by the prime minister’s press secretary and veteran journalist Alfred Sasako,

which was highly controversial and received an immediate rebuttal from the Australian government. This “secret intelligence report” suggested that the Australian Labor Government was behind moves to topple the NCRA and that their choice for prime minister was Opposition member Matthew Wale. It further alleged that Australia promised a reward of SI\$200,000 to each government member of Parliament who would cross the floor. Moreover, it claimed that Australia had set aside SI\$20 million in in-kind and monetary support to the Opposition for this cause (*ISN*, 8 Feb 2011). The Australian government and the coordinator of the Regional Assistance Mission to Solomon Islands (RAMSI), who were both implicated in the report, strongly denied the allegations, and in Canberra, the Solomon Islands high commissioner was summoned to explain the basis of the report (*STO*, 9 Feb 2011). Wale ultimately sued Sasako; the court held him partly accountable for the report, and on 24 November 2011 he was ordered to pay SI\$5,000 in nominal damage plus costs to Wale (*SSN*, 28 Nov 2011).

Security continued to be a national concern throughout the year, especially when the government and RAMSI broached the topic of a transitional phase for the regional intervention project. Rumors about RAMSI’s eventual exit have been floating around for a number of years, but in December 2011, the cabinet endorsed a plan that laid the foundations for what will be the gradual drawdown of RAMSI’s presence in the country. Tasks regarded as outstanding from the work of RAMSI will be redesigned and channeled through normal Aus-

AID and NZAid activities. Ultimately, funding that comes under RAMSI will decrease, since tasks will now be handled under bilateral arrangements (STO, 6 Dec 2011). Earlier in the year, a leaked cable revealed the United States diplomatic assessment that RAMSI had failed to establish stability in the country and had wasted at least a billion dollars of Australian taxpayers' money. The cable claimed that Solomon Islands would relapse into turmoil as soon as RAMSI left (STO, 30 Aug 2011). Despite this negative view, many Solomon Islanders have appreciated the efforts of RAMSI so far, and there was an air of unease on the announcement of RAMSI's transition and ultimate withdrawal.

Another major issue that drew public debate was that of rearming the police force. This debate has been ongoing since RAMSI's intervention began in 2003. Police rearmament is a national security concern because the police force was compromised during the Guadalcanal tensions. In 2007, then-Prime Minister Manasseh Sogavare had to back down from his plans to rearm police because of heavy criticism from trade unions, churches, and Australia (SIBC, 26 Feb 2011). In a recent statement after riots on the day of his election as prime minister, Gordon Darcy Lilo announced that rearmament of the police would take place but that it would be approached cautiously (STO, 16 Jan 2012). Sogavare welcomed the announcement, as it confirmed his earlier attempt, but another former member of Parliament, Peter Boyers, expressed the opinion that police officers would not be ready for rearmament for another six to ten years (STO, 13 Jan 2012). Neverthe-

less, the cabinet has authorized the Police Response Team to use nonlethal weapons to practice and deal with public disorder situations (SIBC, 8 March 2012).

Constitutional reform efforts and processes also featured throughout 2011. The Constitutional Congress and the Eminent Persons Advisory Council, who are responsible for ensuring that the draft constitution undergoes a thorough consultative process, met during the year. Reports coming from the Prime Minister's Office indicated that the process for the draft to reach Parliament is on schedule. Since the consultations involve a lot of money in the form of imprests (ie, advances or loans of money), the Ministry of Finance offered a workshop in July to educate provincial and Honiara City Council team leaders on the financial processes regarding the standing imprest arrangements. This is to ensure that team leaders properly account for money they use to carry out the last stages of their constitutional reform consultations (ISN, 13 July 2011). Choiseul province held its Provincial Convention on the draft constitution late in 2011, and the other nine provinces and Honiara city will do the same in 2012. It is anticipated that a national convention on the draft constitution will take place in the latter part of 2012 before a final draft is submitted to the cabinet for endorsement and to Parliament for a decision at the end of 2012.

Women in leadership, especially the idea of reserved parliamentary seats for women, also gained prominence in 2011. Although an attempt by female candidates in 2010 to gain seats in

the national Parliament was unsuccessful, women leaders felt that they learned something from that experience. Permanent Secretary for Women, Youth, Children and Family Affairs Ethel Sigimanu commented that women should have reached as many people as possible in the country who understood and supported Temporary Special Measures (TSM). She argued that “the TSM submission could not be taken to Cabinet because the voices against it were stronger than the voices for it” (SIBC, 23 July 2011). She also complained by raising this question: “While we pride ourselves for having a democratic system of government why has there been only one woman in parliament since this country gained independence and why so much opposition during the campaign for ten reserve seats for women in parliament?” (SSN, 21 March 2011). Even National Parliament Speaker Sir Allan Kemakeza observed that women were unfairly represented in “Parliament, Cabinet and the Judiciary, and something must be done about it now” (SIBC, 29 Sept 2011). Since taking over the helm from Danny Philip, Prime Minister Gordon Lilo announced that ten reserved seats will be allocated for women, who will contest these seats during national elections. He further explained that the plan is to allocate “one reserved seat per province with the seat rotating amongst the province’s constituencies each election” (SIBC, 2 March 2012).

On the diplomatic front, Solomon Islands made some notable progress in the year. First and foremost was the establishment in December of diplomatic ties with Nepal (STO, 19

Dec 2011). Although nothing special was mentioned about this new relationship, the respective countries’ ambassadors to the United Nations expressed optimism that the relationship will grow from strength to strength and evolve for mutual benefit. Another diplomatic relationship being explored was that with Russia. Russia’s recent interest in the small Pacific Island countries has drawn comment from scholars such as Michael O’Keefe, who explained it as “a larger global geopolitical contest being played out in the Pacific” (2012, 27). Initial talks between Solomon Islands and Russia took place in 2011 on the sidelines of the UN General Assembly in New York. The proposal was further deliberated in early 2012 in Nadi, Fiji, by Russian Foreign Minister Sergey Lavrov and his Solomon Islands counterpart, Peter Shanel Agovaka (STO, 7 Feb 2012). Unfortunately, the potential diplomatic relationship came to a halt after Shanel was sacked for taking it on himself to discuss the possibility of ties with Russia, when affiliations with other countries are the responsibility of the cabinet collectively (SSN, 23 Feb 2012). Shanel has since been replaced by Clay Forau as minister for foreign affairs and external trade.

There were also positive developments in 2011. In terms of economic development, Solomon Islands progressed well, albeit slowly. In its quarterly review of June 2010, the Central Bank of Solomon Islands (CBSI) anticipated a modest recovery in the economy. According to the Central Bank, the positive forecast is “attributed to improvements in the capital and financial accounts, including the

increase in donor and investment inflows, and a rise in export receipts which contributed to this strong performance” (CBSI 2010). In late 2011, the commercial banks were also commended for lowering their lending rates by almost 2 percentage points, allowing local investors to access cheaper funds for capital. Congratulating the commercial banks on that move, the CBSI governor emphasized, “It is an indication that the risk profile of Solomon Islands, especially the risk of doing business in the country is improving” (STO, 13 Oct 2011). The International Monetary Fund predicted a growth in gross domestic product of 5.6 percent in 2011 and 6.1 percent in 2012, although other sources anticipated more sluggish growth (Pritchard 2012, 69).

Certain developments in the areas of currency valuation and credit facility arrangements also took place during the year. In November, then–Minister for Finance and Treasury Gordon Darcy Lilo revealed that NCRA had reached an agreement with the International Monetary Fund on a reform program to be supported by a precautionary Standby Credit Facility. He stated that “the agreement focused on the policy mix that could help the Solomon Islands improve its resilience to external shocks and achieve sustainable and inclusive growth in the medium term” (SIBC, 4 Nov 2011). In another controversial move, the Philip-led government appreciated the Solomon dollar by 5 percent. According to the then–minister for finance, the action would alleviate inflationary pressures affecting the rural populace (STO, 14 June 2011). This government move raised a few questions

from economists and the Opposition. Former Prime Minister and Finance Minister Manasseh Sogavare voiced concerns on how this move could affect investment and donor support. He stressed that this dollar appreciation has direct implications for the budget and asked the attorney general to advise on the legal implications of this sudden change in government policy for signed contracts (STO, 15 June 2011). Dr Sunil Kumar, a senior lecturer of economics at the University of the South Pacific, also advised that such a move needs proper guidance from the government. He explained that “apart from negative export if not guided properly, the capital inflow into the country could decline which is a serious problem as the country needs more capital inflow to improve its infrastructure, which may then diminish investor confidence in the country” (STO, 22 June 2011).

Throughout the year, several other decisions were made and arrangements entered into that could have important implications for people’s livelihoods. These included the government’s income tax reform, the rehabilitation of the cattle industry, and the opening up of Australia’s Pacific Seasonal Workers Scheme to complement that of New Zealand. The new NCRA government under the leadership of Prime Minister Lilo announced some changes to the Pay as You Earn (PAYE) tax in December 2011. Minister for Finance Rick Hou announced an increase in the income tax exemption threshold from S1\$7,800 dollars to S1\$15,080 dollars (SSN, 2 Dec 2011), which was implemented in January 2012. Minister Hou explained the move, stating that “if any tax payer

earns \$580 dollars per fortnight income and below [ , his/her] income will be exempt from paying Pay As You Earn (PAYE) tax” (STO, 2 Dec 2011). There were positive reactions to this announcement from all sectors of the working community.

The cattle industry was a prominent industry in Solomon Islands until the 1998–2003 tensions destroyed the cattle-breeding ground at Tenavatu on Guadalcanal. Earlier attempts to rehabilitate the cattle industry were hampered by allegations of corruption, as a S\$10 million grant for that purpose was poorly administered (SSN, 15 March 2010). The current regime was successful in its bid to rehabilitate this industry, as in late 2011 the minister for agriculture and livestock, with the cabinet’s approval, imported 400 head of cattle from Vanuatu (SIBC, 7 Nov 2011). There have also been budgetary allocations targeting the improvement of cocoa and coconut plantations, which, if implemented, could improve income and livelihoods in the rural areas.

Although the initiative was outside their control, the NCRA entered into and signed a deal with the Australian government in December 2011 for a Pacific Seasonal Workers Scheme. The Solomon Islands government responded quickly and positively to an invitation by the Australian government to participate. Other Pacific Island nations who are already in the scheme are Nauru, Sāmoa, and Tuvalu. Compared to people in other countries in Polynesia and Micronesia, Solomon Islanders do not have access to labor markets in other metropolitan countries, and this opportunity, if properly

managed, could assist some Solomon Islanders in terms of remittances to their families back home. The scheme expects to recruit up to 2,500 workers from the participating countries in a given year (SSN, 14 Dec 2011).

Despite these positive developments, the year was also marred with allegations of official corruption and maladministration by political leaders. For instance, the awarding of the contract to construct the PNG chancery building and directives by then–Prime Minister Danny Philip for the Solomon Islands Electricity Authority (SIEA) to be lenient with a company with outstanding electricity bills were both controversial. These decisions tarnished the public image of the Philip-led NCRA government. In August 2011, Douglas Ete, member of Parliament for East Honiara, revealed that Philip had engaged in “wantokism” (ie, nepotism) by directing the chair of the SIEA Board to reconnect the supply of power to X-field Confectionery Limited, a private company owned by his close relative. The company owed something like S\$2.8 million and Philip promised to meet part of that with funding from Taiwan (STO, 17 Aug 2011). A similar story was told about the granting of a contract to Transworld Construction to renovate the prime minister’s official residence, commonly known as the “Red House.” It was alleged that Transworld was given the contract without a formal bid. This was despite the fact that Transworld had messed up the construction of the PNG chancery building. On closer assessment, the owner Johnson Turueke is a relative of Philip (ISN, 21

Oct 2011). These and other decisions made by the then–prime minister and his officers were not very helpful in easing the pressure on the government at a time when number politics was critical. The ultimate losers of course are citizens of Solomon Islands who do not benefit from better government services.

Despite a tumultuous year, Prime Minister Philip managed to hold on until serious allegations regarding his competency and tendency toward nepotism forced him to resign. Before his resignation, he had fired his finance minister, Gordon Darcy Lilo, and Rick Hou, who had been minister for public service. This was after another three of his ministers resigned, citing allegations of abuse of the prime minister’s discretionary funds (*SSN*, 11 November 2011). The sacking of Lilo and Hou was said to be over their part in orchestrating a plan to overthrow Philip’s leadership, an allegation they both denied (*STO*, 11 Nov 2011).

The resignation of Prime Minister Philip saw the regrouping of NCRA and the subsequent election of Gordon Darcy Lilo as the new prime minister of Solomon Islands on 16 November 2011. He appointed Rick Hou, a former governor of the Central Bank, as his minister for finance. All other ministerial portfolios were retained by ministers who had either resigned under Philip’s reign or had remained with him till his resignation. In effect, the former captain was allowed to leave while the old crew remained, with Lilo now at the helm.

Miscalculated decisions from previous administrations are now haunting the NCRA. For instance, the high court determined that the 2007

deportation of Julian Moti from Solomon Islands was illegal and Moti said he plans to sue the Solomon Islands government (*STO*, 12 Dec 2011). In a similar fashion, the 2005 government ban imposed on the export of dolphins was also found illegal in 2011, and the government was required to pay the dolphin exporter S1\$10 million for damages (*STO*, 17 Jan 2012). The current government will have to sort out these and similar messes this year, as the sacking of ministers and the crossing of members of Parliament from the Opposition to the government and vice versa seem to be chronic. If the 2011 trend continues in 2012, then little progress will be made on the highly publicized programs of the Lilo-led NCRA government.

GORDON LEUA NANAU

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## VANUATU

The relative political calm during the early weeks of 2011 was deceiving, given the controversy surrounding the change of government that had taken place the previous December (see Van Trease 2011). Having survived in office since the last national election in September 2008, a period that included several changes to coalition partners, the Vanua‘aku Pati (VP)–led government under Prime Minister Edward Natapei was ousted in a vote of no confidence and replaced by his deputy, Alliance Group leader Sato Kilman on the afternoon of 2 December 2010, shortly after Natapei left the country, having received assurances from Kilman that the pending no-confidence motion was under control. That afternoon, however, once Parliament had convened, the Speaker took the unusual step of banning all media and the public from the chamber. At that point, Kilman and his Alliance Group crossed the floor to join the Opposition. The vote of no confidence was carried with 30 votes in favor, 15 against, and 7 abstentions.

On first impression, Kilman

appeared to have misled Natapei on his departure from Vila into believing that he could be trusted to defend their existing partnership in the face of the ouster motion. Several months later, however, Kilman revealed to the press that the turn of events in early December had not simply happened out of the blue but was the result of Natapei’s failure to live up to an early promise to redistribute ministerial portfolios within the coalition more equitably. Several letters sent to the prime minister requesting action had been ignored. Kilman was obviously under pressure from his own people to act, and Natapei’s intended absence at the moment a vote of no confidence had been tabled obviously provided the opportunity to resolve the problem (VDP, 28 April 2011). The events that followed would seem to indicate that there had been prior planning, and it is therefore understandable that Natapei and the VP leadership felt betrayed and deceived by Kilman’s final words to Natapei on his departure that December morning. Political betrayal is not uncommon in Vanuatu politics, but the fact that this had occurred on such a personal level created an obvious desire for revenge that would lead to an unprecedented period of political instability in the months that followed.

Rumors began to surface in January that moves were afoot to table a motion of no confidence against the new Kilman government, but the Opposition did not have the numbers to act, and the Union of Moderate Parties (UMP) dismissed the rumor that it would be leaving the government (VDP, 15 Jan 2011). However, the decision by the Council of Ministers