ENVIRONMENTAL SCAN

2018
It is with great pleasure that I present the Australia-Pacific Technical College (APTC) Environmental Scan (e-Scan) 2018. The APTC e-Scan captures relevant global, regional and industry intelligence about existing and emerging trends that influence Technical, Vocational Education and Training (TVET) in the Pacific region. Operating in a developing region dominated by complexities and challenges, APTC provides leadership in the Pacific TVET sector through actively supporting the development of TVET systems and capability, while ensuring continued flexibility and responsiveness to the changing needs for skills development. Key objectives of this sixth APTC e-Scan are to create a resource that captures factors shaping our future and signals lead indicators about the new, the unexpected, the major and the minor issues that impact on the business of APTC in its delivery of high quality TVET programs and services.

In 2017, APTC celebrated 10 years of providing high quality TVET in the Pacific. The decade since APTC delivered its first Australian qualification has been one characterised by change; changes in the way governments around the world work with recipients of development assistance, and a strengthening of Australia’s commitment to the Pacific region. In TVET in the Pacific there have been significant developments in national qualification frameworks as governments place greater emphasis on vocational and technical education in order to meet skill shortages. Advances in technologies have seen us planning for the jobs of the future; jobs that are new and those that will require a different set of skills to today.

2018 will be a milestone year as we move into the next stage of APTC with a focus on deepening our partnerships with Pacific governments and TVET institutions to support and strengthening the TVET systems and capability throughout the Pacific.

A skilled, qualified and flexible workforce is critical to the Pacific Islands becoming more self-reliant, and to increasing and strengthening productivity and economic growth. APTC continues to drive workforce development in the region through the delivery of Australian standard qualifications that provide our graduates with the skills and knowledge required for the jobs of today and of the future. With our strong focus on gender equality, we look forward to seeing even more of our women students find success in non-traditional areas of work. I am proud to announce that since 2007, APTC has graduated over 12,000 students in 43 qualifications, across the 14 Pacific Island Forum (PIF) countries.

Achieving an Australian vocational qualification not only creates skills for life, it also opens up the potential for Pacific Island men and women to work internationally. These opportunities may greatly increase the benefits to workers, their households and their communities.

The work of APTC in the Pacific region is made possible by aid from the Australian government and collaboration with Pacific Island governments, employers, industry bodies and our educational partners in the Pacific region.

Denise O’Brien
Chief Executive Officer
Australia-Pacific Technical College
March 2018
The APTC e-Scan 2018 explores available information that has been systematically collected and analysed to inform strategic decision-making on training for skills development in the Pacific region.

This is the sixth APTC e-Scan undertaken to provide Pacific region intelligence. The ongoing success of APTC in the Pacific relies on the capacity for flexibility and responsiveness to changing realities in the Pacific region. It is critical that APTC has up-to-date global, regional and industry intelligence to assist in analysing the Pacific’s workforce development needs. The APTC e-Scan, in combination with the APTC Country Profiles and Skills Development Plans, provides the evidence base for the development of the demand-driven APTC Training Profile.

Through its training excellence APTC assists the people of the Pacific Islands to gain Australian-standard skills and qualifications for a wide range of vocational skills in careers where skilled employees are in high demand. In addition, APTC works collaboratively with Pacific Island governments, employers, industry bodies and TVET partners in the Pacific region to ensure the graduates are receiving training in skills that are in high demand.

APTC e-SCAN 2018

**METHODOLOGY**

The APTC e-Scan 2017 formed the basis for the APTC e-Scan 2018, with content being reviewed for currency and relevance. As part of this process, websites, in particular Australian government and key global and regional websites, were scanned for updated information and for emerging issues relevant to APTC’s activities in the Pacific region. The following were key sources accessed for this report:

- The Australian Department of Foreign Affairs and Trade (DFAT);
- The Australian Bureau of Statistics;
- Reserve Bank of Australia (RBA);
- Pacific Islands Forum Secretariat (PIFS);
- The United Nations (UN);
- DevPolicy - The Development Policy Centre;
- Lowy Institute for International Policy;
- Asian Development Bank (ADB); and
- World Bank Group (WBG).

Regional outlooks and updates, media reports and credible websites were also accessed for relevant information to inform the APTC e-Scan 2018.
APTC STRATEGIC DIRECTIONS

The APTC e-Scan 2018 has captured external and internal trends that impact and shape the Pacific region. Input from our key stakeholders and regional influencers is critical to the planning, forecasting and development of APTC’s business strategy and training plans for workforce skills development and TVET capability building across the Pacific region.

APTC’s business strategy, monitoring and evaluation, and related action plans together with input from key stakeholders and partnerships form the APTC Environmental Framework to deliver the APTC end-of-program outcomes:

- **Relevance**: APTC provides skills relevant to labour market requirements in targeted sectors;
- **Quality**: APTC has a good reputation in the Pacific as a high-quality provider of VET;
- **Sustainability**: APTC supports TVET partners to improve and sustain systems and training delivery;
- **Employment**: APTC graduates achieve improved employment and contribute to workplace productivity; and
- **Migration**: Qualified Pacific Islanders realise opportunities in developed countries. APTC’s program is not accountable for this outcome.

Figure 1 - APTC Environment Framework
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Glossary

ACP  African, Caribbean and Pacific Group of States (EU)
ADB  Asian Development Bank
ADO  Asian Development Outlook (ADB report)
AFT  Aid for Trade
ANCP  Australian NGO Co-operation Program
ANZSCO  Australian and New Zealand Standard Classification of Occupations
APEC  Asia-Pacific Economic Co-operation
APTC  Australia-Pacific Technical College
ASEAN  Association of Southeast Asian Nations
COFA  Council of Regional Organisations in the Pacific
CRPD  Convention on the Rights of Persons with Disabilities
DAP  Direct Aid Program
DFAT  Department of Foreign Affairs and Trade (Australia)
DFID  Department for International Development (UK)
DMCs  Developing Member Country (ADB)
DPOs  Disabled People’s Organisations
EC  European Commission
EIB  European Investment Bank
EDF  European Development Fund
EEZ  Exclusive Economic Zone
EFA  Environmental Scan
ESCAP  UN Economic and Social Commission for Asia and the Pacific
EU  European Union
FFA  Forum Fisheries Agency
FIH  Forum Island Country
FLNKS  Front de Libération Nationale Kanak et Socialiste
FSM  Federated States of Micronesia
FTA  Free Trade Agreement
FY  Financial Year (for example FY2018 is the financial year 2017-2018)
GCF  Green Climate Fund
GDP  Gross Domestic Product
GEF  Global Environment Facility
GEF SGP  Global Environment Facility Small Grants Program
GEM  Global Education Monitoring
GfG  Governance for Growth Program (Vanuatu)
GGGI  Global Green Growth Institute
GNI  Gross National Income
GPE  Global Partnership for Education
GPFD  Government Partnerships for Development
GPOBA  Global Partnership on Output-Based Aid
HRPP  Human Rights Protection Party (Samoa)
ICT  Information Communication Technologies
IDA  International Disability Alliance
IFC  International Finance Corporation
IFFIm  International Finance Facility for Immunisation mechanism
ILO  International Labour Organisation
IMF  International Monetary Fund
ISDF  Interim Skill Development Facility
ITC  International Trade Centre
JICA  Japanese International Co-operation Agency
KEIP  Kiribati Education Improvement Program
KIT  Kiribati Institute of Technology
LNG  Liquefied Natural Gas
MDG  Millennium Development Goals
MLTSSL  Medium and Long-term Strategic Skills List
MOU  Memorandum of Understanding
MP  Member of Parliament
MPA  Marine Protected Area
**Note:**

*Forum Island Countries (FICs) include Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.*

**Pacific Island Countries (PICs)** comprise 25 nations and territories and have been traditionally divided according to ethnic group and cultural lines as Melanesia, Micronesia and Polynesia. The Melanesian Islands include Papua New Guinea, New Caledonia, Torres Strait Islands, Vanuatu, Fiji and Solomon Islands. The Micronesian Islands include the Marianas, Guam, Wake Island, Palau, the Marshall Islands, Kiribati, Nauru and the Federated States of Micronesia. The Polynesian Islands include New Zealand, Hawaiian Islands, Rotuma, Midway Islands, Samoa, American Samoa, Tonga, Tuvalu, the Cook Islands, French Polynesia and Easter Island.

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Aid in the form of resources (capital, goods) or services (technical advice, training) has traditionally been provided by donor countries and international aid organisations to improve the infrastructure, health, education, wellbeing and self-reliance of the recipient country and/or its population. The most common form of aid has been official development assistance (ODA) such as bilateral grants or loans to promote development and to combat poverty. Countries provide aid mainly for social, economic and/or political factors.

Social factors
Countries may provide aid for humanitarian reasons, to relieve the suffering experienced by those in the recipient country, and to improve the living standard of the people in the developing country by, for example, increasing the literacy rate.

Economic factors
Countries may give aid to benefit financially as a result of interest being repaid for a loan, or the donor country may receive a better price for the produce it buys from the recipient country, for example better terms of trade on coffee.

Political factors
The donor country may seek to make an ally of the recipient country which may be beneficial in terms of regional stability. Giving aid to a developing country may give the donor country prestige within the international community and/or it may win support at home for the government of the donor country.

THE CHANGING DEVELOPMENT LANDSCAPE
In the years since the turn of the century there has been considerable change in both the amount and the way in which ODA is delivered. A renewed focus on poverty has resulted in commitments to increase ODA to developing countries, with this commitment agreed by the Organisation for Economic Co-operation and Development (OECD) leaders at the 2002 Monterrey Consensus. As a result, ODA provided around the world increased from $86 billion in 2000 to $178 billion in 2014 (both measured in constant USD, 2013).

Significant changes in the way ODA is provided have also occurred. ODA is more becoming a catalyst in promoting economic growth and reducing poverty using a political economy analysis (PEA) approach, with a strong emphasis on ‘aid for trade,’ thinking and working politically, and building an enabling environment for the private sector.
Aid programs are transforming, as donors recognise the most effective and proven way to reduce poverty is to promote sustainable economic growth. As part of the 2005 Paris Declaration on Aid Effectiveness, major bilateral and multilateral aid donors and recipients agreed to a series of commitments designed to make aid more effective. These were organised around the principles of (i) ownership of development strategies by aid recipients; (ii) alignment of donor aid to recipient priorities; (iii) harmonisation of donor development assistance in order to avoid duplication and simplify its provision; (iv) a focus on results; and (v) mutual accountability by both development assistance providers and recipients. Targets associated with these principles were established, with progress to be monitored by the OECD Development Assistance Committee. Aid partners are recasting their aid programs considering this new development paradigm.

Today, many developing countries are growing rapidly, with aid representing an increasingly small proportion of development finance. The aid landscape is also facing the impact of philanthrocapitalism and social investment, where philanthropists are “strategic change makers” for social purpose rather than simply “resource providers” for good causes. The Gates Foundation, the Robin Hood Foundation and the Children’s Investment Fund Foundation are increasingly harnessing the power of the market to make philanthropy more efficient and achieve better results.

**ECONOMIC SHIFTS**

The global poverty ‘problem’ is changing, with 72 per cent of the world’s poor now living in middle-income countries. This is a dramatic shift from just over two decades ago, when 93 per cent of poor people lived in low-income countries. Extreme poverty has also been reduced: one in ten people were living in extreme poverty in 2013, down from four in every ten in 1990. Two-thirds of Australia’s development partners in the Indo-Pacific region have achieved middle-income status. Rapid economic expansion has lifted national incomes in emerging economies, although not all citizens have shared in the growth. Globally, the economic transformations underway are having far-reaching implications. Aid flows into many developing countries are now dwarfed by foreign direct investment, equity flows and remittances. Middle-income countries have significant and growing domestic resources to finance their own development. Consequently, donors need to adapt to changing contexts and rethink their aid objectives, allocations and instruments to meet the new geography of global poverty.

Countries that were once themselves recipients of aid, for example Japan and China, are now major aid players in the Pacific region. Japan, although no longer the world’s top aid donor that it once was in the 1990s, is still one of the major aid donors across the world with a US$10 billion annual budget. Over the past 30 years Japan has provided over US$200 billion to development as part of its official assistance program. China’s aid program is also growing. In 2013 the Chinese government provided an annual figure of RMB 40 billion or US$6.4 billion for its global aid budget.
Despite its many successes, poverty remains a central challenge to the Asia-Pacific region\(^{17}\) which is home to approximately two-thirds of the world’s poor.\(^{18}\)

- Four million Pacific people live in poverty.
- Poor child and maternal health care, contaminated water, poor sanitation and a lack of education about nutrition are wasting opportunities, wasting lives and killing people.
- Approximately 2.7 million people do not have the income or subsistence production to meet their basic human needs.
- The Pacific has been the worst performing region in the world in reaching the 30 per cent representation target for women in key political decision-making positions. The Pacific average (excluding Australia and New Zealand) is 4.8 per cent.\(^{19}\)

However, Pacific Islanders are often reluctant to refer to “poverty”, opting for the term “hardship” instead. Hardship issues relate to a lack of cash needed to buy basic goods and meet community obligations, and to inadequate access to basic services, a safe water supply and education. In addition, conflict and insecurity have been on the rise in the Pacific landscape during the past decade.

Poverty was once mitigated by social safety nets within rural villages, however traditional systems are breaking down. High rates of migration, as people move to other countries or to major towns within their own country, are leading to increased poverty among the less productive (older and younger) populations left behind in rural areas and outer islands.\(^{20}\)

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17 https://www.adb.org/themes/social-development/poverty-reduction
18 https://www.ifac.org/mosaic/about-mosaic/asian-development-bank
19 http://www.ipu.org/wmn-e/classif.htm
20 https://www.ruralpovertyportal.org/region/home/tags/oceania

Figure 2 - Extreme poverty in the Indo-Pacific\(^{16}\)

Source: Asian Development Bank
Note: Extreme poverty is defined as living on less than US$1.90 per day (2011 PPP)
SUSTAINABLE DEVELOPMENT GOALS

17 Goals to Transform our World: The 2030 Agenda for Sustainable Development

“All countries and all stakeholders, acting in collaborative partnership, will implement this plan. We are resolved to free the human race from the tyranny of poverty and want and to heal and secure our planet. We are determined to take the bold and transformative steps which are urgently needed to shift the world onto a sustainable and resilient path. As we embark on this collective journey, we pledge that no one will be left behind.”

Coming into effect in January 2016, the Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Figure 3 - Sustainable Development Goals

The 17 SDGs build on the successes of the Millennium Development Goals (MDG), while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace, and justice, among other priorities. The goals are interconnected, often the key to success on one will involve tackling issues more commonly associated with another. Each of the 17 goals has a set of targets, of which at least one involves learning, training, educating or at the very least raising awareness of core sustainable development issues. Education has long been recognised as a critical factor in addressing environmental and sustainability issues and ensuring human well-being.\(^{23}\)

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The Sustainable Development Goal on Education (SDG 4) is to “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is entrusted with the leadership, coordination and monitoring of the Education 2030 agenda and calls upon the Global Education Monitoring (GEM) Report to continue to provide independent monitoring and reporting of SDG 4 and on education in the other SDGs until 2030.\(^{25}\)

The 2030 Agenda provides a common plan and agenda to tackle some of the most pressing challenges facing the world, such as poverty, climate change and conflict. Achieving the SDGs requires the partnership of governments, private sector, civil society, and citizens alike to ensure the planet is a better place for future generations.\(^{24}\)

The second decade of implementation of the CRPD will occur within, and be amplified by, the framework of the SDG. Progress has been made with respect to rights, technology, social protection, science, affirmative action and awareness of the 15 per cent of the world’s population who live with a disability. In developing countries, three out of four people with disabilities are women. These statistics highlight the need for gender-based analysis of causes and a robust engendered suite of interventions, such as:

1. Ensuring that persons with disabilities are active participants at the global and national level as policies are developed to promote sustainable development and peace.

2. Data gathered and analysed to measure progress.

3. Development programs specifically to promote the rights of persons with disabilities and actively partner with disabled person’s organisations.

In many countries persons with disabilities continue to face the widespread denial of their fundamental rights. If no-one is to be left behind, then the collective responsibility lies in promoting the rights of people with disability so they also can live their lives with dignity and free from fear and want.\(^{27}\)

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\(^{23}\) http://unesdoc.unesco.org/images/0024/002457/245752e.pdf

\(^{24}\) http://www.undp.org/content/undp/en/home/sustainable-development-goals.html


\(^{27}\) http://www.undp.org/content/undp/en/home/blog/2016/12/2/Disabilities-and-dignity.html
Development aid supports governments, community projects and local and regional organisations such as The Pacific Community (SPC) and the Pacific Island Forum (PIF) which is an inter-governmental organisation that aims to enhance co-operation between the independent countries of the Pacific region.

An August 2017 the DevPolicy blog highlighted ODA to Pacific Island Countries (PICs) has increased in the last decade by approximately one-third, despite significant year-to-year variations. This increase in ODA coincides with high level calls by OECD Leaders and the Millennium Declaration to ‘scale up’ to developing countries, and with two major military interventions in the region.31

Figure 4 - Aid to the Pacific including Timor-Leste

28 Formerly the Secretariat of the Pacific Community
29 http://www.ipsnews.net/2014/01/pacific-nations-need-help-awayaid/
30 In inflation-adjusted terms.
31 http://www.devpolicy.org/foreign-aid-to-the-pacific-an-overview/
32 http://www.devpolicy.org/foreign-aid-to-the-pacific-an-overview/
The largest increase over this period has been in ODA directed to regional initiatives and organisations, which now represents the third largest component of ODA to the Pacific. Major donors to the Pacific region include Australia, the United States, Japan, New Zealand, France, the European Union (EU) and, with a growing presence, China. However, Australia remains the largest donor to the Pacific. In no other region in the world does a single donor provide such a large share of total ODA as Australia.

The next biggest OECD donor to the Pacific region is the United States of America, however its aid contribution is mainly restricted to the Compact of Free Association (COFA) states, which comprise the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI) and Palau. Under the terms of COFA (renegotiated for a 20-year period to 2023), the United States agreed to provide FSM almost US$100 million a year until 2023, and much of the RMI gross development product is derived from payments made by the United States.

China’s foreign aid program in the Pacific has been growing over several years and recent estimates have suggested that it has overtaken Japan’s aid program in the PICs. In 2016, it surpassed Australia in the amount of ODA it provided to Fiji, and has become the second main source of development funding in Cook Islands, Samoa, Tonga and Vanuatu. Data published by the Lowy Institute indicates that since 2006 China has provided US$1.78 billion in foreign aid to 218 projects in eight PICs (Cook Islands, FSM, Fiji, Niue, Papua New Guinea (PNG), Samoa, Tonga and Vanuatu).

Development assistance to PICs has evolved as a result of changes to what is internationally considered ‘best practice’ aid management and delivery. Principles advocated by the Paris Declaration have also been agreed to in the Pacific by major donors and PICs (with the exception of Timor-Leste) as part of the 2009 Pacific Islands Forum’s Compact on Aid Effectiveness (the Cairns Compact). This agreement resulted in the peer review of aid management systems in Pacific Island member countries, and starting in 2014, with the review of the aid programs of major development partners.

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34 http://www.devpolicy.org/foreign-aid-to-the-pacific-an-overview/
35 http://www.lowyinstitute.org/publications/bilateral-donors-pacific-it-more-development
37 https://www.lowyinstitute.org/chinese-aid-map/
39 https://www.lowyinstitute.org/chinese-aid-map/
INDIVIDUAL PICs AID

Aid volatility since 2000 has been lower in the Pacific region compared with other regions. Aid to individual PICs has been varied, with some PICs receiving considerable increases in aid. Solomon Islands’ aid tripled over the decade to 2011, for example, due to the Regional Assistance Mission to Solomon Islands (RAMSI). The majority of aid to countries like PNG, Solomon Islands, Niue and Tokelau is provided by one donor as the result of historical ties, including colonial relationships. Despite recent cuts to the Australian aid budget, most PICs with a close relationship with Australia or New Zealand have experienced relatively stable aid contributions and were largely protected from these reductions, whereas the COFA states of RMI, Palau and FSM have experienced declines in aid.42


2017 FOREIGN POLICY WHITE PAPER

In November 2017, the Prime Minister of Australia and the Ministers for Foreign Affairs and Trade, Tourism and Investment launched the 2017 Foreign Policy White Paper which shows Australia is focused on its region, determined to realise a secure, open and prosperous Indo-Pacific, while also strengthening and diversifying partnerships across the globe. The paper recognised the need for Australia to step up its efforts to support a more resilient Pacific. The broad themes of opportunity, security and strength sit at the heart of the white paper.

A new Diplomatic Academy in DFAT is training Australian officials in international engagement tradecraft, including in areas such as advocacy, negotiation, forecasting and strategic planning. The Academy focuses on Australia’s agenda in the Indo-Pacific and will collaborate closely with other foreign ministers.

Australia’s ODA program, currently at A$3.9 billion a year, with 90 per cent focused on the Indo-Pacific, supports Australia’s partners in their efforts to become more stable, prosperous and resilient. This assistance alienates suffering and serves national interests by helping countries to advance economic reform, fight threats such as extremism, guard against the spread of infectious diseases and build resilience to natural disasters and economic shocks.

Australia recognises that new approaches will be necessary, and support will focus on three priorities:

1. Promoting economic co-operation and greater integration within the Pacific and also with the Australian and New Zealand economies, including through labour mobility;
2. Tackling security challenges with a focus on maritime issues; and
3. Strengthening people-to-people links, skills and leadership.

These priorities build on Australia’s commitment to work with governments in the Pacific to respond to climate change, bolster resilience, strengthen emergency responses and improve governance, education, health and gender outcomes. An example of Australia and the Pacific sharing institutions and systems to improve education and health includes Australia facilitating access for Nauru, Tonga and Tuvalu to use Australian testing services to improve the quality and reliability of pharmaceuticals.44

44 https://www.fpwhitepaper.gov.au/about
AUSTRALIA’S APPROACH TO ODA

Figure 8 - Australia’s strategic framework for its aid program

AUSTRALIA’S ECONOMIC DIPLOMACY PARADIGM

Traditional diplomacy aims to achieve peace, whereas economic diplomacy aims to achieve prosperity. Australia’s economic diplomacy is based on four key pillars:

Promoting trade: Pursue trade liberalisation through bilateral, regional and global trade agreements that open up new markets for Australian exporters and sustain a strong, rules-based architecture for global trade.

Encouraging growth: Support global growth, including by using Australia’s aid program and other measures to promote economic reform and infrastructure, and through regional and global economic co-operation forums.

Attracting investment: Promote investment into Australia and Australian investment internationally.

Supporting Australian business: Advance the interests of Australian business overseas, develop a stronger private sector in our region, and promote Australian tourism.

Investments will serve to:
- Deliver better quality education enabling young people to receive an education and contribute to their economy;
- Empower women to actively participate in the economy and in formal labour markets; and
- Support women to start businesses, build their skills and step up to leadership roles.

Australia’s aid program invests heavily in education and health, as well as disaster risk reduction and humanitarian crises. Improving education and health outcomes is essential to laying a foundation for economic development. The Australian government has committed to allocating A$30 million each year towards researching ways to ensure spending on health is more effective and promoting medical breakthroughs.46

Australian aid is moving away from direct service delivery such as providing textbooks to classrooms, or drugs for health centres, as this is the responsibility of the sovereign government.47

THE PRIVATE SECTOR

The Australian government is working with the private sector and seeking innovative models for private sector partnerships for development.48 Australian companies are encouraged to take up opportunities to design and build bridges, railways, ports and schools and are strongly encouraged to partner with local companies. Infrastructure spending in the Asia-Pacific Economic Co-operation (APEC) region is expected to be significant over the next 10 years.

DFAT is working to support the private sector as the engine of economic growth, with the vision that business can deliver sustainable social impact in developing countries while achieving commercial returns.49 A recent Australian parliamentary inquiry found that the private sector in developing countries generates 90 per cent of the jobs, funds 60 per cent of all investments and provides more than 80 per cent of government revenues.50

Research shows people who are employed and have stable incomes have the ability to purchase more. This creates demand, which in turn creates more jobs. Growth in real jobs and the formal economy in developing countries adds to economic self-reliance and further expands trade opportunities for Australia.51

“Ending poverty and boosting prosperity cannot be achieved without tapping the capital and creativity of the private sector to create jobs and generate economic growth. Private enterprises create nine out of every 10 jobs in developing countries. They spur innovation, produce the goods and services people need to improve their lives, and generate most of the tax revenue that governments need to provide essential services for their citizens.”52

WBG Partnering for the Greater Good
INNOVATION FOCUS

The Minister for Foreign Affairs launched the innovationXchange in 2015 as a catalyst to support innovation across the Australian aid program. The innovationXchange shares learnings and brokers new connections so that innovation becomes intrinsic to the delivery of the whole aid program. All of Australia’s innovationXchange learning, experimenting and partnerships give effect to the 2030 Agenda, including the SDGs. Projects include:

- Water Innovation Engine (WIE) - established by the UN High Level Panel on Water and led by the Australian government, it is a pioneering partnership to stimulate more innovation and investment in the water sector. Partners include the Global Innovation Fund and Grand Challenges Canada. WIE welcomes proposals from innovators, covering a range of areas that include urban water and sanitation, water data and water resource management.

- Tupai, named after a legendary Pacific Islander who was able to map the islands of the Pacific using the stars and natural cues including wind, birdlife and the direction of the waves, is to strengthen supply chain management systems for essential medical supplies in the Pacific and Timor Leste. The Australian government will contribute A$1.4 million in grant funding to the best ideas that will have impact in developing countries in the Indo-Pacific region. Applications that address the needs of women and girls, and people with a disability are highly encouraged.

- Water Abundance XPRIZE - Using technology to improve affordable access to clean water is an open challenge to use technology to improve affordable access to clean water in high humidity areas where water is currently unavailable or inaccessible. The winning team will be announced in August 2018.

48 DFAT uses the term ‘private sector’ to refer to all privately owned commercial enterprises, including ‘individual farmers and street traders, large locally-owned firms and multinational corporations’, whether they be owned locally, by Australians or other overseas interests.
52 WBG, Submission 75, pp. 5-6
AUSTRALIA’S ASSISTANCE FOR DISABILITY-INCLUSIVE DEVELOPMENT

People with disabilities make up approximately 15 per cent of the global population and have poorer health outcomes, lower educational achievements, lower economic participation, and higher rates of poverty than people without a disability. They are also particularly vulnerable during conflicts and natural disasters. Australia is committed to playing a leadership role internationally in disability-inclusive development to enable people with disabilities in developing countries to find pathways out of poverty and realise their full potential.

The Australian government’s 2017 Foreign Policy White Paper highlights that as a member of the UN Human Rights Council for the 2018-2020 term, Australia will promote the rights of people with disabilities. Australia’s development program supports promoting disability inclusive development and funding multilateral human rights bodies.

Australia’s strategy, Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia’s aid program (see Figure 9) builds on the successes of the previous strategy, Development for All: Towards a disability-inclusive Australian aid program 2009–2014. The program responds to the agenda set out in DFAT’s development policy and aims to promote improved quality of life for people with disabilities in developing countries.

Australia’s international advocacy, diplomatic efforts and aid program investments continue to make a major contribution to improving the quality of life for people with disabilities in developing countries, with the objective that development efforts leave no one behind.

OBJECTIVE:

IMPROVE THE QUALITY OF LIFE OF PEOPLE WITH DISABILITIES IN DEVELOPING COUNTRIES THROUGH:

- Enhancing their participation and empowerment as contributors, leaders and decision makers
- Reducing poverty among people with disabilities
- Improving equality for people with disabilities in all areas of public life, including service provision, education and employment

GUIDING PRINCIPLES:

- Supporting an active and central role for people with disabilities ‘nothing about us without us’
- Developing policies and programs based on evidence
- Taking into account the interaction between gender and disability
- Improving inclusion of a diverse range of people with disabilities

OPPORTUNITIES:

- Supporting governance for equality through the implementation of the CRPD
- Enabling infrastructure and accessible water sanitation and hygiene (WASH)
- Ensuring inclusive education and skills
- Building resilience – inclusive humanitarian assistance, disaster risk reduction and social protection

WE INVEST IN

We will take a twin-track approach (implementing disability-inclusive development through mainstreamed and targeted efforts). We will promote ‘reasonable accommodation’ – encouraging support for people with disabilities (as required and based on what is reasonable in the given circumstances) to enable them to participate in, and benefit from, our development efforts.

Figure 9 - Development for All 2015-20: Strategy for strengthening disability-inclusive development in Australia’s aid program61
WHERE AUSTRALIA GIVES AID

The Australian aid program concentrates predominately on the Indo-Pacific region. Figure 10 provides an overall perspective of the reach of Australia’s aid programs.

Figure 10 - Australia’s Aid Program

59 Australian Government - 2017 Foreign Policy White Paper
The United States of America is the second highest contributor to the Pacific region and its aid assistance covers 12 PICs: FSM, Fiji, Kiribati, Nauru, Palau, PNG, RMI, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.63

USAID partners to end extreme poverty and to promote resilient and democratic societies while advancing the United States of America’s security and prosperity. The current model of development focuses on streamlining foreign assistance and refocusing USAID programs to prioritise activities that clearly and directly advance US national security interests, while ensuring efficiency, effectiveness, and accountability to the US taxpayer. It advances broad-scale human progress by fostering sustained and inclusive economic growth and strengthening democratic governance.64

USAID assistance to the PICs focuses on climate change adaptation, health, and democracy initiatives. USAID works with PIC governments, bilateral and multilateral donors, the private sector, and civil society organisations to ensure that its programs have the greatest possible impact.

Examples of USAID in the Pacific region include:

- The Women’s Peacebuilding Initiative. USAID is working to enable women’s organisations to offer trauma counselling services, including prevention initiatives, for survivors of domestic and sexual violence; assist women’s organisations to enhance and enforce implementation of the National Action Plan on Women, Peace and Security; and advocate for pro-women policy and increased awareness of gender-based violence and women’s rights, with corresponding services provided by women’s organisations.65

- Trauma counselling for more than 1,700 individuals in the Autonomous Region of Bougainville in PNG, nearly one-third of whom were victims of family and sexual violence.

- Assistance to 137 communities across nine PICs to become more resilient in the face of climate change.

- Support for the opening of new HIV prevention, care, support and treatment sites serving nearly 4,000 people in PNG’s capital.66

- Assistance to Fiji, Kiribati, Solomon Islands and Tonga to identify areas vulnerable to food insecurity and is assisting communities in identifying appropriate adaptation measures.67
Jointly funded with New Zealand, USAID is working in partnership with government agencies and communities in Kiribati to improve the government’s ability to manage collection, recycling and solid waste disposal programs.

Jointly funded with Germany, implementing climate change adaptation measures in eight communities of the Choiseul Province, Solomon Islands. The experiences gained in coordinating climate change implementation amongst agencies and development partners will be replicated in other regions of the Pacific.

Rehabilitate degraded mangrove areas and improving management of forest ecosystems in PNG, Vanuatu, and Solomon Islands. Training communities in forest management and assisting local universities and institutions to conduct carbon monitoring and reporting.

Improve the resilience of water resources by increasing island communities’ ability to harvest and store rainwater and improve ground wells.

US$600,000 in response to TC Winston for emergency relief, damage assessment and humanitarian assistance.

2018 BUDGET HIGHLIGHTS

USAID implements funding from 12 foreign operations accounts. The overall FY2018 President’s Request for these accounts is US$15.4 billion in assistance that USAID fully or partially manages within the Economic Support and Development Fund, Global Health Programs, Transition Initiatives, International Disaster Assistance, and USAID operational accounts.

The budget request will provide support for humanitarian assistance to aid the victims of conflict and natural disasters, Global Health Programs such as Gavi, the Vaccine Alliance (US$290 million requested to fulfill the four-year, US$1 billion commitment for FY2015-18), the Malaria Initiative and other programs addressing poor nutrition, tuberculosis and neglected tropical diseases. It will facilitate Public-Private Partnerships (PPP) to leverage the assets, skills and resources of the private sector to advance development.

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63 http://www.theguardian.com/world/2015/mar/02/china-increases-aid-contribution-pacific
64 https://www.usaid.gov/results-and-data/budget-spending
It is difficult to obtain accurate data regarding China’s aid to the Pacific, either at a country or a project level.70 The Lowy Institute research indicates China extended about US$209 million of aid annually to nine Pacific countries (Fiji, Timor Leste, PNG, Samoa, Tonga, Niue, Cook Islands, Vanuatu and the FSM) in 2006-2016. It provides approximately US$850,000 per year to the PIFS to support trade, development and investment initiatives, including the Pacific Trade Invest (PTI) office in Beijing,71 as well as scholarships for Pacific Island students and significant human resource training for government officials.

China has engaged with PICs under the principle of South-South Cooperation. Its aid is focused heavily on infrastructure development - Beijing channels about 40 per cent of its funding into transport, with an eye towards incorporating the Pacific region in its global Belt & Road infrastructure-building initiative. A further 20 per cent goes to government, civil society and education. China gives US$850 million a year to the secretariat that runs the Pacific Islands Forum, the region’s main consultative body, and offers scholarships in such areas as capacity-building. China has recently trained more than 4,000 people in technical skills in the region.72

China’s aid comes primarily in the form of concessional loans (80 per cent) negotiated bilaterally with recipient countries, with the infrastructure delivered by Chinese construction teams. Most loans have an annual interest rate of only 2 to 3 per cent and a repayment period of 15 to 20 years, including 5 to 7 year grace periods, which is generous by global standards.73 The loans are provided with ‘no strings attached’ but with strict adherence to the One China principle. Some Pacific countries, such as Tonga, have become heavily indebted.74

Although Australia remains the region’s largest provider of development money to the region, Chinese aid to Fiji in the seven years to 2013 exceeded Australia’s contribution by more than A$100 million. The Cook Islands also received A$28 million more from China than Australia over the same period. China is the third, soon likely to be second, largest donor of aid to the Pacific.75 76

The Lowy Institute for International Policy has undertaken an in-depth analysis of China’s aid in the Pacific and in the context of the above caveat regarding access to data, the Lowy Institute’s visualisation of Chinese aid in the Pacific region is shown in Figure 11.
Figure 11 - Chinese aid in the Pacific
In July 2014, the Chinese government released a second White Paper on Foreign Aid. The paper gives an overview of Chinese foreign assistance for the period 2010-12 and states that China provided US$14.41 billion in aid. Chinese aid is provided in three main forms: grants, interest-free loans and concessional (or preferential) loans as shown in Figure 12. The key actors are the Ministry of Commerce, China Eximbank, and Chinese state-owned enterprises.

One of China’s important objectives as stated in the White Paper is to support developing countries to reduce poverty and improve the livelihood of their peoples. China’s focus is on agricultural development, improving the level of education, improving medical and health services, building public welfare facilities and humanitarian aid.79

A lower-level priority is promoting economic and social development. The White Paper emphasises improving infrastructure, strengthening capacity building, promoting trade development and strengthening environmental protection. An example is promoting exports to China through offering zero tariff treatment to least-developed countries.80

China is often criticised for not following ‘global’ aid norms and policies, however it sees its aid program as “South-South Cooperation” and differentiates itself from the Western donor group. China, along with the other BRIC countries (Brazil, Russia, and India), has proposed new development organisations such as the BRICS Bank and the Asian Infrastructure Investment Bank. These institutions may complement the World Bank and ADB but may also present competition to these Western-dominated institutions.81 A recent study by AidData estimates that approximately 21 per cent of the money China gives to other countries fits with the traditional Western definition of aid, as having the main goal of developing the economic development and welfare of recipient countries.82

China is aware of the criticisms about its foreign aid program and has recently been willing to cooperate more with other donors and governments. China has undertaken pilot initiatives with the United Nations Development Program (UNDP), USAID and the United Kingdom’s Department for International Development (DFID) in Africa, and its first jointly-funded trilateral project is in the Cook Islands, with New Zealand.84 In 2013 Australia and China signed a Development Co-operation Partnership Memorandum of Understanding (MOU) that enables selected technical collaboration in the Asia-Pacific region.85 This was followed in March 2017 by a MOU on Strengthening Development Cooperation, agreeing to cooperate in fields such as poverty reduction, health and sanitation and safety, environmental protection, economic development and trade facilitation, and strengthen policies and exchange experiences, promote economic and social development,
and push forward common prosperity in the Asia-Pacific region and even the world.86

The Asia-Pacific region now produces almost one third of the world’s Gross Domestic Product (GDP),87 much of it driven by China’s economic dominance. In step with this increased economic engagement is a rise in China’s influence across the region which is making itself evident on a number of fronts, in particular through its donor activities.88
The Pacific is New Zealand’s own neighbourhood and it has the cultural, economic and social links that can influence positive change in the region. As the fourth largest donor to the region, almost 60 per cent of New Zealand’s total aid is spent in the Pacific.

The mission of the New Zealand Aid Program is to support sustainable development in developing countries to reduce poverty and to contribute to a more secure, equitable and prosperous world. New Zealand aid aims to make a positive difference in people’s lives, demonstrated through tangible, measurable results. The principle of ‘Pacific focus, global reach’ continues to guide the geographic focus of New Zealand’s bilateral and regional aid programs.

The New Zealand Aid Program provides humanitarian support in response to crises around the world. Its development and humanitarian investment:

- Reflects New Zealand’s responsibility as a Pacific neighbour and global citizen;
- Mirrors New Zealanders’ values;
- Supports shared regional and global prosperity and stability;
- Reinforces New Zealand’s international reputation; and
- Strengthens New Zealand’s international connections.

### INCREASED AID BUDGET

New Zealand’s aid budget has increased over the funding period 2015-16 to 2017-18. New Zealand will align its budgeted investments to its aid strategy in the Pacific by:

- Focusing on the Pacific: NZ$1 billion, or close to 60 per cent of development funding, is forecast to be invested in the Pacific;
- Emphasising sustainable economic development: Approximately NZ$600 million, or 45 per cent of investment by sector is forecast to be in economic development, focusing on agriculture, renewable energy, and information and communications technology connectivity;
- Increasing aid to Melanesia, including scaling up significantly in PNG and Fiji;
- Targeting resources to support resilience to climate change and other risks; and
- Enhancing the ability to respond to humanitarian crises.

The New Zealand aid program is built on 12 investment priorities, as indicated in Appendix A.
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<td>46,900</td>
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</table>

Figure 14 - New Zealand’s indicative program allocations

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90 http://www.theguardian.com/world/2015/mar/02/china-increases-aid-contribution-pacific
We work closely with partner governments on development priorities.

The New Zealand Aid Programme funds long-term partnerships with a number of New Zealand organisations. We also provide a contestable fund for non-government and private sector organisations to contribute to positive development outcomes.

We invest in international financial institutions, United Nations agencies and Commonwealth agencies, to contribute to global development outcomes.

The Ministry of Foreign Affairs and Trade leads the New Zealand humanitarian response to emergencies around the world.

We invest in region-wide development initiatives.

We invest in the development of people who will influence positive change in their developing country.

We make one-off, major strategic investments across the Pacific.

Figure 15 - Proportion of funding by program type 2015-16 to 2017-18
RECOGNISED SEASONAL EMPLOYER (RSE) SCHEME AND OTHER MIGRATION PROGRAMS

The RSE program allows for a set number of overseas workers, which increased to 10,500 places for 2016-17, to gain employment in New Zealand’s horticulture and viticulture industries in the following types of jobs:

- Planting;
- Maintaining;
- Harvesting; and
- Packing.

Only recognised New Zealand horticulture and viticulture businesses are eligible to recruit under the RSE scheme. Employers must meet specific requirements regarding employment agreements, minimum remuneration, airfares and pastoral care. The scheme’s aim is to encourage economic development in the Pacific, and therefore it supports preferential access to workers who are citizens of eligible Pacific countries. People employed under the RSE policy may stay in New Zealand for up to seven months during any 11-month period. Exceptions to this are workers from Tuvalu and Kiribati, who are permitted to stay for nine months because of the distance from New Zealand and the cost of travel.

In addition to the RSE, New Zealand has a Pacific category in its permanent migration program, through the Pacific Access Category (PAC) and the Samoan Quota Scheme. This allows 1,750 Pacific Islanders (from Samoa, Tonga, Fiji, Tuvalu and Kiribati) to go to New Zealand every year. They are chosen by lottery and they must find a job in order to migrate. New Zealand’s experience with Pacific Island labour migration programs is one Australia may look to emulate.

Figure 16 - New Zealand Recognised Seasonal Employer program cap

96 http://devpolicy.org/will-australia-follow-nz-labour-mobility-20170901/
97 http://foreignminister.gov.au/speeches/Pages/2017/jb_sp_170812.aspx?b1CaGpPX%2FISOK%2BqgZKEg%3D%3D
Japan is the second largest contributor to the UN budget and its ODA plays an important role in many countries, including in the Indo-Pacific region. Japan has long been an important partner for the PICs, positioning itself as the ‘partner of choice’ on issues of key concern to PICs such as climate change and disaster management; it is focusing on issues where Japanese assistance can make the most difference.

Japan held its 7th meeting with Pacific Islands Leaders (PALM7) on 22-23 May 2015 where it announced an aid package worth more than ¥55 billion (approximately US$450 million) to the region over the three-year period 2015-17. In his keynote address, Japan’s Prime Minister said that aid support was to help ‘foster resilient capabilities that will not be defeated by climate change or disasters’. Japan’s assistance to PICs continues to include support for infrastructure development, such as constructing new port facilities in Port Vila, Vanuatu, and assistance for improving radio broadcasting services in Fiji.

On top of the financial aid, the Prime Minister announced boosting people-to-people exchanges between Japan and the region to the scale of roughly 4,000 people.

“We will also push forward in two-way exchanges and training of human resources to serve as assistance in cultivating both expertise and technical skills.”

PALM 8 is proposed for 2018 to address the common challenges toward peace, stability and prosperity of the Pacific region.

Japan’s US$1.5 billion contribution to the international Green Climate Fund (GCF) in 2015 was an important source of additional funding for Pacific Islands seeking assistance for adaptation projects.

Japan is a source of tourists for some PICs. It is also a major client for PNG’s Liquefied Natural Gas (LNG) and Japanese companies are continuing to invest in PNG. In 2015 the Japanese Prime Minister visited PNG with a large business delegation in support of trade and investment in the region.

THE JAPANESE INTERNATIONAL CO-OPERATION AGENCY (JICA)

JICA, in charge of administering Japan’s ODA, is one of the world’s largest bilateral aid agencies. In accordance with its vision of “Inclusive and Dynamic Development,” JICA supports the resolution of issues in developing countries through a flexible combination of various types of assistance to 150 countries and regions. JICA provides assistance to the following PICs:

- Fiji, PNG, Solomon Islands, Vanuatu in the Melanesian region;
- Samoa, Tonga, Tuvalu, the Cook Islands, Niue in the Polynesian region; and
Kiribati, RMI, Micronesia, Palau, and Nauru in the Micronesian region.\textsuperscript{106}

JICA provides co-operation to these PICs to address common issues such as vulnerability to climate change, environmental issues, and inadequate transportation infrastructure while paying due regard to the uniqueness of each country.

JICA’s development co-operation for the region is twofold: bilateral co-operation designed to overcome each country’s priority issues, and region-wide co-operation designed to address common issues. JICA provides co-operation that applies Japanese knowledge and experience to priority issues and activities, including:

**Environmental Management:** Since 2011 and in co-operation with the Secretariat of the Pacific Regional Environment Program (SPREP), JICA has provided assistance to a number of countries in the region to develop sustainable waste management systems. The first Japanese Technical Cooperation Project for Promotion of Regional Initiative on Solid Waste Management in PICs Phase II (J-PRISM II) Steering Committee Meeting was held in Honiara, Solomon Islands from 9 to 11 July 2017. The meeting consisted of eight countries (Samoa, Tonga, Vanuatu, Solomon Islands, RMI, PNG, FSM and Palau) with twenty-four total official participants and forty-three total official participants from the associated countries’ organisations (SPREP, JICA, PacWaste, Waste Outlook & JICA Consultants). JPRISM II is the successor project of J-PRISM Phase I and consists of Regional Cooperation and Bilateral Cooperation activities in the target countries (FSM, RMI, Palau, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu).

In the Regional Cooperation, J-PRISM II is focusing on Pacific-to-Pacific Cooperation, such as:

1. Monitoring system development;
2. Knowledge/skills exchange program;
3. Disaster waste management; and
4. 3R+Return system creation study.

For Bilateral Cooperation, a country’s project purpose and outputs are set for each target country to enhance human resources and institutional capacity.\textsuperscript{107}

**Disaster Management and Climate Change:** JICA has provided technical co-operation, grant aid and other co-operation to reinforce disaster prevention measures at the regional level. One key area of co-operation involves enhancing weather observation and forecast and warning capabilities. Another is a pilot project for gravel beach nourishment against coastal disasters in Tuvalu. Overall, JICA supplies a broad range of co-operation for disaster prevention in the region.

**Transportation and Infrastructure:** JICA has provided grant aid for rehabilitation of airports, roads, bridges and harbours, and the provision of passenger and cargo vessels as well as technical co-operation for the operation and maintenance of vessels and port facilities through the dispatch of regional advisors.\textsuperscript{108}

**Stable Supply of Energy:** JICA extends bilateral financial assistance and regional technical co-operation to promote the optimal introduction of renewable energy while stabilising electric power systems and making efficient use of diesel power generation.

**Social Services:** JICA has supported the dissemination of technology and human resource development in the Pacific related to the management of immunisation projects and vaccines. In response to the increasing disorders and deaths caused by non-communicable diseases (NCDs), such as diabetes and cardiovascular diseases, in 2015 JICA commenced technical co-operation to establish measures against NCDs.\textsuperscript{109}

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\textsuperscript{100} \textsuperscript{101} \textsuperscript{102} \textsuperscript{103} \textsuperscript{104} \textsuperscript{105} \textsuperscript{106} \textsuperscript{107} \textsuperscript{108} \textsuperscript{109}
In the education sector, JICA has been working to increase access to education in remote areas and isolated islands. Grants and technical co-operation for the University of the South Pacific (USP), which was established by 12 countries in the region, are designed to establish an information and communication technology (ICT) centre and to train ICT staff.

Yazaki Kizuna (Bond) Foundation

With the closure of Yazaki Samoa, Japan and the Government of Samoa have agreed to the establishment of the Yazaki Kizuna (Bond) Foundation, to be officially launched in 2018 with a total equity of one billion yen. The fund will provide:

1. Educational support through scholarships to support the growth and development of the Samoan younger generation, who represent the future of Samoa.

2. Business support to create employment by fostering the entrepreneurial spirit in Samoa and providing assistance to businesses which are expected to contribute to the development of Samoa.\(^{110}\)


The EU is a unified monetary body that aims to balance the needs of its 28-member countries, all of whom are independent fiscal and political entities. The EU eliminates all border controls between members and has become an economic and trading power and a world leader in fields such as environmental protection and development aid. Its annual budget of €145 billion is mostly funded by contributions from member states (2015).

The Pacific and the EU have had a longstanding relationship based on the legacy of a shared history, common values, economic and trade co-operation. Cooperation between the Pacific and the EU has also intensified in sectors, such as environment, good governance, energy, climate change, fisheries and human rights.

In 2006 a Strategy for a Strengthened Partnership was adopted to develop EU relations with PICs from a donor-recipient level to a more political relationship. In 2012 this approach was complemented by the communication Towards a renewed EU-Pacific Development Partnership, which reflects the growing environmental, political and economic importance of the Pacific region with a focus on governance, regionalism and sustainable management of natural resources.

On 16 June 2015, the PIFS and the EU signed the European Development Fund (EDF) 11th Regional Indicative Program (2014-2020). With an allocation of €166 million, the Regional Indicative Program promotes:

- Regional economic integration;
- Sustainable management of natural resources and the environment and the management of waste; and
- Inclusive and accountable governance and the respect of human rights.

The SPC is the EU’s largest implementation partner in the Pacific.

The EU provides humanitarian assistance to the Pacific region both in terms of disaster preparedness and emergency relief when major disasters strike. The European Commission’s (EC) Humanitarian Aid and Civil Protection department responds to small or localised disasters in the Pacific region through its Small-Scale Response mechanism.

Brexit and the EU: While the future relationship between the UK and the EU is unclear, there are concerns that Brexit will disrupt the EU’s internal equilibrium. The impact of Brexit will vary considerably across the EU with some regions bracing for severe costs and others less exposed.

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112 http://useconomy.about.com/od/worldeconomy/p/european_union.htm
114 https://europa.eu/european-union/topics/budget_en
118 https://www2.deloitte.com/uk/en/pages/tax/articles/uk-leaving-the-eu.html
With Britain gone, the bloc’s seven non-euro countries will account for only 15 per cent of EU economic output, as opposed to more than 30 per cent with Britain in. There is also concern that Brexit may harm the EU’s cohesion, confidence and international reputation, and undermine the liberal political and economic order.\(^{121}\)

A study published in December 2017 by researchers at Erasmus University Rotterdam found that regions in Ireland face the most severe Brexit consequences and that countries closest to the U.K., such as Belgium and the Netherlands, as well as those with high volumes of trade such as Germany and France, will suffer the biggest economic impact from Brexit.\(^{122}\)

On 29 March 2017, the UK Prime Minister submitted the Article 50 withdrawal notification to the EU, which included the following six points:

1. The UK does not want to continue allowing unlimited EU immigration;
2. The two sides must guarantee the status of EU members living in the UK, and vice-versa. The same applies to work visas, which are not currently required;
3. The UK wants to withdraw from the European Court of Judgment;
4. The UK wants a “customs union” with the EU. That means they will not impose tariffs on each others’ imports and impose common tariffs on imports from other countries;
5. Both sides want to continue to trade; and
6. The EU will require a cash settlement from the UK to meet existing financial commitments. Recent negotiations put the figure at €40 - €50 billion.

It could take up to two years to negotiate the terms of a Brexit.\(^{123}\)

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\(^{120}\) https://www.politico.eu/article/brexit-impact-on-uk-regional-employment/
\(^{121}\) https://www.ft.com/content/b1a2d66e-3715-11e6-9a05-82a9b15a8ee7
\(^{123}\) https://www.thebalance.com/brexit-consequences-4962999
WORLD BANK GROUP (WBG)

The WBG has been scaling up its assistance in the Pacific and is moving from a regional approach to individual country strategies to better acknowledge country-specific challenges and priorities. The WBG’s engagement with PICs reflects the influence of the region’s economic geography and the unique challenges arising from remoteness in relation to their economic development. A new Regional Partnership Framework for nine PICs (Kiribati, RMI, FSM, Nauru, Palau, Samoa, Tonga, Tuvalu, and Vanuatu) for FY17-FY21 guides the WBG’s engagement in the Pacific and will build on what has been achieved so far but also seek to achieve further impacts in three main ways:

1. Increased International Development Association (IDA18) allocations will provide opportunities to finance projects that are larger in size and scope. The IDA18 package responds to the calls from the G20 and international community for the WBG to innovate and do everything it can to be a critical implementation agent for achieving the 2030 Agenda.

2. Building on the results of previous analytical work, the WBG program will be highly selective and focused on helping the PICs make the most of key opportunities and effectively mitigate the main risks to incomes and livelihoods which they are facing.

3. The WBG program will put special emphasis on addressing the drivers of fragility in the Pacific (issues related to institutional capacity, growth in youth population and urbanisation, climate change and natural disasters, as well as gender) to enhance the sustainability of the activities being carried out and of the progress being achieved.125

In the health sector, WBG is supporting PICs to reduce the rate of NCDs such as cancer, diabetes and cardiovascular disease. The regional Non-Communicable Disease Roadmap has been developed in partnership with governments and key stakeholders in the region.

ICT such as internet and phones are vital for connecting people and businesses in the Pacific Islands. Through the Pacific Regional Connectivity Program, people in the FSM, Samoa and Fiji will soon have access to more affordable and reliable internet.

Transport, whether via road, air or water is vital to PICs as it connects people to markets, schools, hospitals and family, often over vast distances. In Tonga, the WBG is working with the government through the Tonga Transport Sector Consolidation Project to improve the reliability and safety of Tonga’s transport network. Through the Pacific Aviation Investment Program, Kiribati, Tonga, Tuvalu and Samoa will be supported to make air travel safer and more efficient.

High population growth and high unemployment has become a serious problem in Honiara, Solomon Islands. The WBG is helping the government to assist the most vulnerable of Honiara’s population, particularly youth and women, by providing short-term employment and training through the Rapid Employment Project.

In the energy sector the WBG is working with PIC governments to increase the availability and efficiency of electricity and reduce reliance on fossil fuels, while fostering investment in renewable energy in Kiribati and Fiji. PICs derive significant economic and social benefits from their marine resources. This is a major opportunity for the region: twenty million square kilometres of the South Pacific are home to the largest tuna fishery in the world. The Pacific Regional Oceanscape Program is helping PICs including the FSM, the RMI, Solomon Islands and Tuvalu to capture a greater share of the benefits from their fisheries, while supporting conservation.126

**WORLD BANK PACIFIC FACILITY TRUST FUND IV**

The Pacific Facility Trust Fund is a multi-donor trust fund managed by the WBG on behalf of Australia and New Zealand. It has supported the expansion of the WBG’s presence in the Pacific region. Australia supports greater engagement by the WBG in the region because of its strong technical development expertise and leadership on development economics.

The objective of the Pacific Facility Trust Fund is to accelerate economic growth and poverty reduction in the Pacific, including through opening up trade, encouraging private sector investment and creating jobs. The Facility supports the drivers of growth, including infrastructure, access to finance, participation by women, health and education, and encourages global best practices in the Pacific region. The current fund is the Pacific Facility 4 Multi-Donor Trust Fund and covers the period July 2014 to July 2018.127

**ASIAN DEVELOPMENT BANK**

The primary mission of the ADB is to foster growth and co-operation among countries in the Asia-Pacific Region. The ADB helps developing member countries tackle poverty by providing loans, technical assistance and grants for a broad range of development activities. Guiding ADB’s work is its long-term strategic framework, Strategy 2020, which focusses on five core areas:

- Infrastructure;
- The environment, including climate change;
- Regional co-operation and integration;
- Finance sector development; and
- Education.

The shareholders of the ADB consist of 48 developing and developed member countries within Asia and the Pacific region and 19 members from outside the region.128 The ADBs main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants and technical assistance.

**EUROPEAN DEVELOPMENT FUND**

Cooperation between the EU and the Pacific members of the African, Caribbean and Pacific Group of States (ACP) began in 1975 with the signing of the Georgetown Agreement. The Pacific ACP States have benefited from a number of financial programs provided through the EC, including the Pacific Regional Indicative Program (PRIP) which encompasses all Pacific regional projects funded through the EDF.129

**EUROPEAN INVESTMENT BANK (EIB)**

The EIB, the bank of the EU, has been supporting EU development policies in ACP regions since 1963. It is the world’s largest multilateral borrower and lender. The EIB targets four priority areas in support of growth and job creation: innovation and skills; small and medium-sized enterprises (SMEs); climate action; and strategic infrastructure across the EU. EIB carries out its lending in these areas under regional EU co-operation agreements.130 In the Pacific region it has invested over €100 million since 2003, with a focus on (i) energy and environmental protection projects, (ii) communi-
cations, tourism and transport, (iii) MSMEs, and (iv) endorsing regional operations.131

INTERNATIONAL LABOUR ORGANISATION

The International Labour Organisation (ILO) is a UN agency dealing with labour issues, particularly international labour standards and decent work for all people. One hundred and eighty-five of the 193 UN members are part of the ILO. (FSM, Nauru, Tonga, Cook Islands and Niue are not members of the UN).

Decent Work for All is the major aim of the ILO, and is captured in four strategic objectives:

- Fundamental principles and rights at work and international labour standards;
- Employment, sustainable enterprises and income opportunities;
- Social protection; and
- Social dialogue and tripartite consultations.

Gender equality and non-discrimination in employment are overarching mandates for the achievement of these objectives across all activities in both formal and informal economies. The ILO works closely with both international and regional organisations to promote an integrated and coherent approach to decent work and fair globalisation. In addition, the ILO contributes to the G8 and G20 meetings.

ILO directs voluntary contributions to the global 19 Decent Work Outcomes and the corresponding country-level results captured in Decent Work Country Programs driven by ILO’s constituents. At country level ILO outcomes are an integral part of wider UN frameworks. Where possible, donors are encouraged to provide flexible, un-earmarked and predictable funding, including through inclusive multi-annual partnership agreements. In return, the ILO has strengthened its capacity to manage for development results, including through enhanced quality control.132

127 http://www.pina.com.fj/?p=pacnews&m=article&c=16053168305417db37f691e3847f
128 https://www.adb.org/about/main
130 http://www.eib.org/about/index.htm
Section 3 of the APTC e-Scan 2018 explores the Australian Aid Budget for the Pacific region. Australia is one of the wealthiest nations in the Asia-Pacific region, a region that is home to an estimated 400 million people (March 2017)\textsuperscript{133} living in extreme poverty, according to a report released by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), ADB and UNDP.\textsuperscript{134,135} More than one in four people in Asia and the Pacific’s developing countries experience poverty in multiple dimensions and this includes additional deprivations that affects their health, education and standard of living.\textsuperscript{136} The number of people likely to be in vulnerable employment in the region is now greater than the global average and women are particularly affected.\textsuperscript{137}

<table>
<thead>
<tr>
<th>2017-18 AUSTRALIAN AID BUDGET SNAPSHOT\textsuperscript{138}</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pacific Regional Budget Estimate</strong></td>
</tr>
<tr>
<td>2015-16</td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td><strong>Total Australian ODA Estimate</strong></td>
</tr>
<tr>
<td>A$124.7 million</td>
</tr>
</tbody>
</table>

\textsuperscript{134} https://news.tj/en/news/world/20170407/238386
\textsuperscript{135} http://www.smh.com.au/comment/we-need-to-talk-about-australian-aid-20150413-1mjq9q.html
\textsuperscript{137} https://news.tj/en/news/world/20170407/238386
The 2017-18 federal budget, announced in May 2017, saw a slight increase in total ODA to A$3.9 billion for FY2017-2018 and A$4.0 billion for FY2018-2019. The focus remains on the Indo-Pacific region for innovation, gender equality, humanitarian aid, private sector development, health, disability inclusion, climate change, and the quality and performance of the aid program. Over 90 per cent of the total ODA budget is allocated to the Indo-Pacific region, with PNG and Indonesia being the two largest recipients.

In 2017-18, Australia’s AfT expenditure is expected to reach A$771.1 million or 19.7 per cent of Australia’s total aid budget, towards a target of 20 per cent by 2020. Australian aid in the 2017-18 budget equates to 0.22 per cent of Gross National Income (GNI) and 0.84 per cent of the federal government spending.

Investment priorities are:

- Infrastructure, trade facilitation and international competitiveness;
- Agriculture, fisheries and water;
- Effective governance: policies, institutions and functioning economies;
- Education and health;
- Building resilience: humanitarian assistance, disaster risk reduction and social protection; and
- Gender equality and empowering women and girls.

At the Pacific Islands Forum Foreign Ministers’ Meeting in August 2017, Australia stated that its government is focused on three goals to strengthen engagement with the Pacific Islands: stronger partnerships for economic growth; stronger partnerships for security; and deeper people-to-people relationships. A reinvigorated economic partnership will be supported by the Pacific Agreement on Closer Economic Relations (PACER) Plus trade arrangements, improved labour market access, and through researching and training in the skills that industry will demand in the future. The Pacific Resilience Partnership will enhance the safety and security of people, countries, and resources by addressing challenges posed by climate change, natural disasters, health issues, and national security both at land and sea. Stronger relationships between people and communities will be strengthened through the continuation of the New Colombo Plan and the Australian Awards, supporting women and girls, maintaining work with Pacific organisations with a strong focus on the economic empowerment of women and girls, and a proposed schools’ partnership program between Australia and other Pacific countries.

The following month the Australian Prime Minister elaborated on these points at the PIF Leaders’ Forum, announcing several initiatives including a new regional security declaration, a A$2.2 million, two-year Pacific Connect pilot program for public and private sector leaders, the introduction of a Pacific Island Labour Scheme that allows PIF citizens from Nauru, Kiribati and Tuvalu, to work in regional and rural Australia for up to three years, and the establishment of the Pacific Labour Facility.
2017-18 TOTAL AUSTRALIAN ODA BY REGION* $3.9 BILLION

Source: Australian Aid Budget Summary 2017-18, Department of Foreign Affairs and Trade
* Total Australian ODA, from all agencies and programs, attributable to regions; including flows from DFAT regional and global programs and expenditure by other government departments
** The percentage calculation of Indo-Pacific excludes: United Nations, Commonwealth and Other International Organisations; Cash Payments to Multilaterals and Humanitarian and other ODA not attributed to particular regions

Figure 19 - 2017-18 total Australian ODA by region
Figure 20 - Australian Aid by region 2001-02 to 2017-18 (AUD)\textsuperscript{146}

Figure 21 - Australian aid from 2012-13 to 2017-18 (adjusting for Consumer Price Index)\textsuperscript{147}

\textsuperscript{146} http://devpolicy.org/aidtracker/destinations/

\textsuperscript{147} http://devpolicy.org/biggest-aid-cuts-ever-produce-our-least-generous-aid-budget-ever-20141215-2/
The Australian government’s forward estimates indicate that from 2017-18 aid will increase in line with inflation.\textsuperscript{148}

At country, regional and partner program level, performance benchmarks have been introduced to measure the effectiveness of the investments. At project level, robust quality systems are in place to ensure funding is directed to investments making the most difference, and priority areas for assistance are agreed with each government under a Partnership for Development.\textsuperscript{149}

The majority of Australia’s assistance is delivered through bilateral programs by NGOs, Australian volunteers, businesses and government agencies working together with developing countries and international organisations.\textsuperscript{150} Figure 22 indicates ODA by investment priority.

However, World Vision reports the May 2017 Budget announcement saw A$303 million cut from the aid budget through a temporary freeze on aid spending from mid-2018. Australian aid will stall at A$4.01 billion and remain static until indexation resumes in 2021-2022. Aid has been reduced in real terms across a number of years, health and education was reduced in 2016-17: after inflation, health by 16 per cent and education by 9 per cent.\textsuperscript{152}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{oda_by_investment_priority_2017-18.png}
\caption{ODA by investment priority 2017-18 \textsuperscript{151}}
\end{figure}

\textsuperscript{148} http://www.devpolicy.org/australian-aid-the-way-we-were/
\textsuperscript{149} http://dfat.gov.au/geo/pacific/development-assistance/partnerships/Pages/default.aspx
\textsuperscript{152}
Tropical Cyclone (TC) Gita:
The Minister for Foreign Affairs and Trade and the Minister for International Development and the Pacific announced additional humanitarian assistance to support Tongan communities devastated by TC Gita on 16 February 2018. The additional funding brings Australia’s total assistance for people affected by TC Gita to A$3.5 million. Australia released and deployed A$350,000 in life-saving equipment including emergency shelter, kitchen and hygiene kits to assist over 2,000 people in need following a request from the Tongan government.

The additional funding of A$3 million will support the work of the Red Cross Movement, the Tongan Women and Children’s Crisis Centre and Australian NGOs as they deliver urgent help to affected communities, such as shelter and protection services for women and children. Australia will also support the Government of Tonga’s longer term recovery efforts, for example through helping to restore critical infrastructure and health and education services.

Prior to striking Tonga, TC Gita struck Samoa as a Category 2 storm. In response to a request from the Samoan government, Australia will provide A$155,000 to support debris clearance, aerial surveillance and food assistance for those who have been displaced. An Australian structural engineer will assist with damage assessments.154

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CLIMATE CHANGE

Australia is making a significant long-term investment to help PICs adapt to climate change. Australia has committed A$1 billion over five years to address climate change challenges, allocating approximately A$200 million in 2017-18 to climate change investments across country, regional and global programs. Australia is providing A$300 million over four years to provide climate science and data and other support to help Pacific partners plan for and adapt to climate change and mitigate its impacts.155

A proportion of Australia’s core contributions to the ADB, WBG, the Global Green Growth Initiative and UN agencies are providing climate change assistance to developing countries (estimated A$95 million in 2016-17). Australia is also supporting the increased participation of Pacific women in climate-related decision-making processes (A$0.6 million in 2015-17).156

The Australian government has committed A$200 million to the Green Climate Fund over four years. Through its leadership as Co-Chair of the Green Climate Fund Board in 2016 and advocacy as a Board member, Australia has helped the Pacific to secure approval of US$67 million157 for two projects in Fiji and Tuvalu and assisted PICs to develop a Green Climate Fund Pacific Roadmap that outlines potential climate change proposals for Green Climate Fund support to 2018.158

Australia will increase investments in local and national capacity to better manage disasters in the Pacific. This will include funding experts to work with Pacific National Disaster Management Offices and support for a new partnership with Australian NGOs and the Australian Red Cross to bolster disaster preparedness and strengthen Pacific civil society.159

Key climate change initiatives are outlined in the table below.160

| Climate and Oceans Support Program in the Pacific | 14 PICs | A partnership with 14 Pacific national meteorological services to enable the national meteorological services and other relevant in-country agencies to better understand and use climate, ocean and sea-level products for the benefit of island communities and governments, with a focus on capacity development and communications, climate and ocean monitoring and prediction, and sea level monitoring. | A$39.8 million 2012-18 |
| Pacific Risk Resilience Program | Fiji, Solomon Islands, Tonga and Vanuatu | A program aimed at strengthening the resilience to disasters and climate change. Funded by the Australian government and implemented through a partnership between UNDP and an Australian NGO, Live & Learn Environmental Education, which manages the community aspect of this program. | A$16.95 million 2012-18 |
| Small Island Developing States Community-based Adaptation (SIDS CBA) grants | 42 countries, focusing on Small Island Development States (SIDS) | The UNDP to implement small-scale community-based climate change adaptation activities through the Global Environment Facility Small Grants Program (GEF SGP). | A$12 million 2008-18 |
| Responsible Asia Forestry and Trade | Asia-Pacific | The third phase of the Responsible Asia Forestry and Trade Program (RAFT3) aims to reduce tropical deforestation and forest degradation in the Asia-Pacific by 50 per cent by 2020, in line with the Asia-Pacific Rainforest Recovery Plan. RAFT3 brings together the skills and knowledge of conservation organisations to provide capacity building and knowledge sharing services to Asia-Pacific countries in support of their efforts to promote trade in responsibly harvested and manufactured wood products. | A$6 million 2015-18 |
| Climate Risk Early Warning Systems | Least Developed Countries and SIDS | By 2020, all relevant SIDS and Least Developed Countries are expected to have at least moderate early warning system and risk information capacities to communicate early warnings about multi-hazard events, such as floods and cyclones. | A$5 million 2016-20 |
EDUCATION

Australia’s approach to aid investment in education is outlined in the Strategy for Australia’s aid investments in education 2015-2020. The Australian government invested A$85 million over the four years 2013-17 to strengthen tertiary and technical education across the Pacific to ensure that more young people have internationally recognised qualifications. The 2017-18 aid budget estimate for education programs is A$675.3 million, including A$32.1 million for APTC, A$10.7 million for basic education, quality and access in Laos, and A$10 million for Education Cannot Wait. Of the total budget for 2017-18, A$206.9 is allocated to supporting education in the Pacific.

The priorities for this funding are providing quality education for marginalised groups, increasing knowledge and evidence to strengthen the performance of education systems, championing multi-year studies to ensure programs to improve teacher quality and student learning, improving the measurement of learning outcomes and, through partnerships, increasing access to education in emergencies, particularly for girls.

PACIFIC REGIONAL EDUCATION INITIATIVES

Australia-Pacific Technical College (Up to A$240.6 million, 2011-2018)

APTC enrols adult students from 14 Pacific countries at campuses in Fiji, PNG, Samoa, Vanuatu, and Solomon Islands and offers targeted training in other PICs according to industry demand. More than 12,000 Pacific Islanders have benefited from this training since 2007, obtaining internationally recognised Australian TVET qualifications in high-demand sectors, including automotive, manufacturing, construction, electrical, tourism, hospitality, education, management, and health and community services. Funding for the next stage of APTC has been allocated for a further four plus four years to 2026, with an increased focus on building the systems and capability of Pacific TVET institutions.

University of the South Pacific (USP) Partnership (2014-2018 A$49 million)

The Australian Government - USP Partnership is aligned with the USP Strategic Plan 2013-2018 and the partnership arrangement of 2014-2018, which is focused on achieving improved outcomes in Learning and Teaching, Research, Information and Communication Technology, and Regional Engagement. USP has more than 27,000 students studying at its 14 campuses and 11 centres.


Australia has entered into a partnership with the UK for the Research on Improving Systems of Education (RISE) program. RISE will use high quality, locally driven and owned research to build greater understanding of education systems and how they can transform to significantly improve learning. The aim of the program is to create and disseminate a rigorous body of evidence that answers the question, “what works to improve education systems to deliver better learning for all at scale in developing countries”. Research will be conducted in six countries across Asia and Africa. Australia’s investment in RISE ensures part of the research is conducted in the Indo-Pacific region.

157 http://www.greenclimate.fund/~/media/GlobalDispatch/2016/july
BUDGET FOCUS AREAS

The table below highlights focus areas for education in the Pacific in the 2017-18 aid budget.165

<table>
<thead>
<tr>
<th>COUNTRY/REGIONAL PROGRAMS</th>
<th>TOTAL ODA ESTIMATE (A$M) 2017-18166</th>
<th>OBJECTIVES</th>
</tr>
</thead>
</table>
| PAPUA NEW GUINEA          | 546.3                               | - Promoting effective governance.  
- Enabling economic growth.  
- Enhancing human development (including the PNG Education Program - up to A$284.26 million, 2011-18):  
  - Australia’s support for the education sector in PNG has a firm focus on improving access to quality education. The efforts are supporting more students, particularly girls and children with a disability, to enrol in and complete school, to further their education through university or technical college, and to enter the workforce with the skills that they need. Australia is also expanding support to improve women’s leadership, economic opportunities, and safety in PNG;  
  - As part of Australia’s changing aid program, the Education Program is investigating opportunities to work with business across the education sector. In particular, the Australian government is collaborating with business and industry, as well as government, to revitalise PNG’s technical colleges, working to ensure technical and vocational training is strongly linked to industry demand. Australia is also facilitating partnerships between higher education institutions in PNG and Australian universities;  
  - In basic education, the focus is on capacity building at the national level, primary school infrastructure (classrooms, teacher houses and ablution blocks), supporting teachers in the classroom, and better understanding what works in the sector; and  
  - In the higher education and vocational sector, the focus is on working in partnership with the Office of Higher Education, universities, TVET institutions and colleges to improve access and quality. In particular, the program responds to the demand for a qualified PNG labour force and works closely with industry to ensure graduates and the skills sector are meeting industry needs. Australia’s support to the TVET sector is complemented with an APTC campus in Port Moresby. APTC meets a key gap in the PNG TVET sector, providing internationally-recognised trade qualifications to Papua New Guineans in key areas of demand. |
| SOLOMON ISLANDS           | 142.2                               | - Supporting stability.  
- Enabling economic growth.  
- Enhancing human development (including the Education Support Program - up to A$71 million, 2015-2019):  
  - Foundation skills in basic education - improving learning outcomes, especially early literacy, and numeracy for all students;  
  - New national qualifications framework and own vocational and education system with nationally and internationally recognised qualifications - increasing the number of Solomon Islanders with technical and vocational skills in areas of demand; and  
  - Australia Awards - 30 per year in the priority areas of health, education, engineering and construction, economics, business, accounting and finance, information technology, law, agricultural science, fisheries, and community/youth development. |

### VANUATU

<table>
<thead>
<tr>
<th>Estimate A$50 million over three years 2015-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building resilient infrastructure and an environment for economic opportunity.</td>
</tr>
<tr>
<td>Improving early education and essential health services (including Vanuatu Education Support Program - up to A$39 million, 2012-19);</td>
</tr>
<tr>
<td>– Increase the number of children (girls and boys, including those with a disability) in schooling years 1 - 3 who achieve the national literacy and numeracy standard;</td>
</tr>
<tr>
<td>– Increase the number of children (girls and boys) including those with special needs who have access to education; and</td>
</tr>
<tr>
<td>– Improve education service delivery for Years K-3 at central, provincial, and school levels.</td>
</tr>
<tr>
<td>Improving community safety and resilience.</td>
</tr>
<tr>
<td>Supporting TC recovery and reconstruction.</td>
</tr>
</tbody>
</table>

### SAMOA

| 37.2 |
| Enabling economic growth. |
| Improving human development. |
| TC Winston recovery. |
| Advancing Samoa’s health and education outcomes (including Education Sector Support Program up to A$15.4 million, 2011-2019; TVET Roadmap I & II up to A$2.5 million (now completed), 2014-16; and Australia Awards, approximately A$5 million annually): |
| – Progress education outcomes by improving the quality of the education system with a focus on basic numeracy and literacy skills, ensuring it meets the needs of boys, girls, and children with a disability; |
| – Support more young people to complete secondary education and vocational training including through the APTC; |
| – Providing targeted scholarships for Samoans to study in Australia and the region, including to address skills shortages in education and health; and |
| – Through the bilateral program to Samoa, Australia provides funding for approximately 150 Samoan students each year to complete international-standard trade, hospitality, and community service courses. |
| Strengthening governance. |

### FIJI

| 65.6 |
| Increasing private sector development. |
| Improving human development. |
| TC Winston recovery. |
| Australia focuses on improving access to quality health and education services, particularly for disadvantaged segments of the population, including the rural poor, women and people living with disabilities. Australia works with the Fijian government and the private sector to strengthen the key systems, policies and capacities that underpin quality services and ensure value for money. |
| Pacific Women Shaping Pacific Development (Pacific Women) was launched by the Australian government at the PIF Leaders Meeting in August 2012. Pacific Women is a ten-year, A$320 million program, funded by the Australian government, which aims to improve the political, economic and social opportunities of Pacific women. Through Pacific Women, the Australian government will spend approximately $26 million over 10 years on initiatives supporting women’s empowerment in Fiji. |

**TONGA** 30.4

- Governance, economic and private sector development.
- More effective, efficient and equitable health system.
- Skills development in support of economic opportunities for Tongan workers (including the Tonga Education Support Program Phase 2, A$6.5 million, and Skills for Inclusive Economic Growth, A$7.5 million, 2016-21):
  - The Tonga Education Support initiative supports improvements in the quality of primary schools and early childhood education. It helps the Tongan Ministry of Education and Training improve teacher registration and knowledge development and dissemination, as well as provide updated regulations and policies. Key achievements include:
    1. 150 teachers gaining professional certification;
    2. Revision of curriculum materials for classes 1 to 8 to improve teaching strategies and learning outcomes;
    3. The update and operationalisation of key elements of Tonga’s National Early Childhood Education policy; and
    4. Development of Early Childhood Education Resources (in the Tongan language); revision of the Early Childhood Education Curriculum; and development of an Early Childhood Education teaching qualification.
  - Skills for Inclusive Economic Growth builds on the lessons learned from two previous investments – the Tonga Technical Vocational Education and Training (TVET) Support Program Phase 1 (TSP1), and the Interim Skill Development Facility (ISDF). It focuses on improving participants’ livelihoods, increasing business opportunities and incomes for micro, small and medium enterprises, and supporting a more coordinated, responsive, flexible and inclusive national skill development program in Tonga. The program aims to:
    1. Improve the employability of participants in national and overseas labour markets
    2. Increase productivity in the workplace and potential for earning higher incomes;
    3. Provide increased access to entrepreneurial skills to complement technical training for micro, small and medium enterprises;
    4. Provide equitable access to skills development services for people with disabilities, women, and people in the outer islands; and
    5. Establish new training models to influence reforms in the national TVET sector.\(^{170}\)

**NAURU** 25.4

- Promoting more effective public sector management.
- Investing in nation-building infrastructure.
- Supporting human development (including the Nauru Improved Education program up to A$2.7 million, 2017-2018).

It focuses on improving quality and increasing the numbers of teaching staff; improving access to quality primary and secondary school education, ensuring higher student retention rates and education attainment levels; and improving access to relevant high-quality tertiary, technical and vocational education services. Australia is providing funds to employ additional teachers and improve internet connections in schools. A new building for the USP in Nauru will be completed within the ‘Learning Village’ that will also provide a new national library and teaching rooms for other tertiary institutions. A TVET curriculum is being developed to enable the provision of internationally recognised TVET certificates and improving future job prospects of students.

\(^{170}\) [http://www.scopeglobal.com/programs&capabilities/tonga-skills-for-inclusive-economic-growth/]
<table>
<thead>
<tr>
<th>Country</th>
<th>Budget %</th>
<th>Focus Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kiribati</td>
<td>30.9</td>
<td>- Implementing Economic Reforms.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Building a better educated and healthier population (including the Kiribati Education Improvement Program (KEIP), up to A$70 million (Phases I, II and III), 2011-19, and the Kiribati Facility incorporating the Kiribati Skills for Employment Program (SIEP) and the Flexible Support Facility, A$20 million, 2016-20).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under KEIP, Australia is working with the Kiribati government to:</td>
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<tr>
<td></td>
<td></td>
<td>1. Improve access to quality basic education for all girls and boys, including children with a disability; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Provide safe and healthy learning environments, adequate resources, a modern curriculum, professional teachers, and improved management of the education system.</td>
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<tr>
<td></td>
<td></td>
<td>KEIP started in 2011 and is currently in Phase III, which commenced in April 2016.</td>
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<tr>
<td></td>
<td></td>
<td>SIEP builds on the previous Kiribati TVET Sector Strengthening Program to develop a more capable, qualified and mobile i-Kiribati workforce. It aims to improve the quality and relevance of training at the Kiribati Institute of Technology (KIT) to meet local, regional, and international labour market demand and strengthen pathways to employment.</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>8.7</td>
<td>- Good governance, economic growth, and stability.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Education and human resources (including Basic Education Support Program, up to A$5 million, 2017-21; and the Funafuti Classroom Building Project, up to A$4.1 million, 2015-17):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. Building on the Achieving Education for All in Tuvalu Program, the Basic Education Support Program focusses on improving school management, training teachers and building student literacy levels; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Australia is providing a grant to the Tuvalu government to fund the construction of 12 new classrooms and two toilet blocks at the main government primary school in the capital, Funafuti. The project will provide school facilities that will ease overcrowding and are conducive to student learning and will take into account potential climate change impacts.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Environment and climate change.</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>3.2</td>
<td>- Water and sanitation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Education.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Gender.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Australia is investing in improvements to the quality of education, literacy and numeracy to develop an educated workforce ready to contribute to, and benefit from, economic growth.</td>
</tr>
<tr>
<td>Niue and Tokelau</td>
<td>2.9</td>
<td>- Waste Management.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Education.</td>
</tr>
</tbody>
</table>
AID FOR TRADE BUDGET

The Australian government has set an AfT target that represents 20 per cent of the total aid budget by 2020, which is consistent with the level of investment by other key donors and the increasing demand from developing countries, especially in the Pacific.

In 2017-18, Australia’s AfT represents about A$771.1 million or 19.7 percent of Australia’s total ODA (Figure 25).

BENEFITS OF TRADE FOR AUSTRALIANS

Trade and investment drives job creation and economic strength. One in five Australian jobs are trade-related. Exporting firms on average employ more people and pay higher wages than firms focused on the domestic market alone.172

Figure 25 - Australia’s Aid-for-Trade Trajectory 171

Figure 26 - Benefits of trade for Australians

ODA DELIVERED BY OTHER GOVERNMENT DEPARTMENTS

Australia applies a whole-of-government approach to aid delivery, utilising the skills, strengths and expertise of other government departments - including Commonwealth, State and Territory government departments and agencies to deliver effective aid. Figure 27 indicates estimated 2017-18 ODA-eligible expenditure.

<table>
<thead>
<tr>
<th>Department/Agency</th>
<th>2016-2017 budget estimate (A$m)</th>
<th>2017-2018 budget estimate (A$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Centre for International Agricultural Research</td>
<td>103.4</td>
<td>106.2</td>
</tr>
<tr>
<td>Agriculture</td>
<td>3.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Attorney Generals</td>
<td>6.3</td>
<td>1.6</td>
</tr>
<tr>
<td>Immigration and Border Protection</td>
<td>3.3</td>
<td>0.9</td>
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<tr>
<td>Australian Federal Police</td>
<td>110.5</td>
<td>74.2</td>
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<tr>
<td>Communications</td>
<td>1.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Education</td>
<td>12.6</td>
<td>-</td>
</tr>
<tr>
<td>Employment</td>
<td>8.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Environment</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Finance</td>
<td>0.0</td>
<td>0.6</td>
</tr>
<tr>
<td>Health</td>
<td>10.5</td>
<td>10.5</td>
</tr>
<tr>
<td>Reserve Bank of Australia</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td>Treasury</td>
<td>39.7</td>
<td>24.4</td>
</tr>
<tr>
<td>States and Territories</td>
<td>0.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Total</td>
<td>300.0</td>
<td>236.8</td>
</tr>
</tbody>
</table>

Figure 27 - Estimated ODA Eligible Expenditure by OGDs in 2017-18

Section 4 of the APTC e-Scan 2018 examines Australian aid partnerships, programs and initiatives that support and promote development of its neighbours in the Pacific.

Development objectives cannot be achieved by working in isolation. Australia pursues strong and effective partnerships that reflect a focus on collaboration and co-operation for making a difference to the lives of the people living in the Pacific region. Bilateral donors contribute US$1,355 billion in development assistance annually and it is therefore in Australia’s interest to work with other donors to maximise development effectiveness.174

Investing in effective partnerships with other bilateral donors:
- Maximises the impact, geographic reach and influence of its development activities;
- Facilitates leverage of each other’s experience and innovation to ensure best practice and optimum results in program delivery;
- Prevents policy fragmentation and duplication of effort; and
- Ensures the needs of the Indo-Pacific are effectively represented internationally.

DFAT has developed eight Value for Money Principles to guide decision making and maximise the impact of its investments, and expects all delivery partners to give effect to the principles. Value for money performance is measured in the Aid Performance Framework.175

<table>
<thead>
<tr>
<th>Economy</th>
<th>Efficiency</th>
<th>Effectiveness</th>
<th>Ethics</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Encouraging competition</td>
<td>4. Proportionality</td>
<td>6. Results focus</td>
<td></td>
</tr>
<tr>
<td>7. Experimentation and innovation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 28 - DFAT Value for Money Principles176
Australia works through a range of partnerships, including whole of government, private sector, bilateral, multilateral, and non-government organisations.

- **Whole of government**: DFAT is one of many Australian government departments and agencies involved in delivering ODA and providing a wide range of expertise to address the development, economic, security and political aspects of partner countries.

- **Commercial Contractors**: Commercial contractors provide valuable support both domestically and internationally to the department, as well as being integral to the delivery of Australia’s aid program.

- **Private sector partnerships**: Partnerships with the private sector are important for DFAT to achieve its private sector development objectives and maximise the overall development impact of its investments.

- **Bilateral partnerships**: In engaging with bilateral donors, the Australian government chooses the type of cooperation that is most effective and fit-for-purpose to ensure that these partnerships deliver maximum results.

- **Multilateral organisations**: Multilateral organisations like the UN or WBG extend the reach of Australia’s aid program as their size enables them to undertake projects on a scale that would not be possible for donors such as Australia.

- **Non-government organisations**: NGOs like World Vision are an essential part of Australia’s aid program as they maximise the impact and reach of Australian aid. For 40 years the Australian government has provided funding through the Australian NGO Co-operation Program (ANCP) to deliver cost-effective, practical and direct poverty reduction programs. The ANCP directly supports community-level economic development, facilitating access to markets, improving livelihoods for women, and working to strengthen links between communities, government and the private sector. There are over 50 NGOs accredited to receive funding under the ANCP and who work with more than 5,000 developing country partners to deliver over 600 projects in some 58 countries. The 2017-18 budget estimate for ANCP is A$129.3 million.


PARTNERSHIPS WITH BILATERAL DONORS

Australia invests in effective partnerships with other bilateral donors to:

- Maximise the impact, geographic reach and influence of Australia’s development activities;
- Learn from, and leverage, each other’s experience and innovation to ensure best practice and results in program delivery;
- Prevent policy fragmentation and duplication of effort; and
- Ensure the needs of the Indo-Pacific are effectively represented in international fora.179

- Canada: In April 2015, DFAT entered into a Partnership Arrangement on International Development with the Canadian Department of Foreign Affairs, Trade and Development. Australia and Canada have a mature and highly productive bilateral relationship which extends across a diverse policy agenda, with priorities including sustainable economic growth (for example, through innovation, leveraging private sector finance, aid for trade and infrastructure development), global health issues, gender equality and coordination on global development policy agendas.380

- China: The Australia-China bilateral relationship is based on strong economic and trade complementarities, a comprehensive program of high-level visits and wide-ranging co-operation. In 2014, the Australian Prime Minister and Chinese President agreed to describe the relationship as a “comprehensive strategic partnership”. In recognition of China’s growing role as an aid donor, Australia and China signed a MOU on development co-operation in 2013, which was then renewed in 2017. The MOU facilitates Australia and China cooperating on shared development objectives on issues of regional or global importance. The first project under the MOU, targeting malaria in PNG, began in 2016.381

- European Union: Australia has strong political, economic and cultural ties with the EU, working closely with it to meet shared global responsibilities such as promoting sustainable development and tackling climate change. The EU Australia Framework Agreement was signed in Manila in August 2017 by The High Representative of the European Union for Foreign Affairs and Security Policy/Vice-President of the European Commission and Australia’s Foreign Minister, marking the beginning of a new era of strategic co-operation. The Framework Agreement will build on an existing solid co-operation basis to strengthen the partnership between the EU, its Member States and Australia. It will enable the facilitation, promotion and expansion of co-operation across a broad range of areas of mutual interest, such as:
  - Foreign Policy and Security (including counter terrorism);
  - International Trade;
  - Regional Co-operation;
  - Development and Humanitarian Aid;
  - Migration and Asylum;
  - Research and Innovation;
  - Environment and Climate Change;
  - Education and Culture; and
  - Energy and Transport.383

- France: Australia and France are both committed to democratic values and human rights and share a common aspiration for a fairer, safer and more socially responsible world. France, Australia and New Zealand signed the FRANZ Agreement, a trilateral disaster relief arrangement, in December 1992 to ensure the best use of defence assets and other resources for relief operations after natural disasters in the South Pacific. Australia and France upgraded their 2012 Joint Statement of Strategic Partnership in March 2017. The Joint Statement emphasises co-operation in the Pacific in the interests of promoting peace, security stability and prosperity. This agreement promotes long-term strategic co-operation in the Pacific region. The Franco-Australian relationship is set to continue developing over time, between the two governments at all levels, businesses, civil societies and citizens.384
- **Germany:** The development partnership with Germany is one of Australia’s strongest and is underpinned by an aid MOU signed in 2007 which outlines a shared interest in a prosperous and stable Asia-Pacific region and is supported by a work plan. A Strategic Partnership arrangement, signed in January 2013, builds on the MOU. Separately, Australia and Germany signed a Declaration of Intent to cooperate in the extractive industries sector (May 2013) as well as an MOU on Implementation Arrangements (13 Sept 2013) which outlines common procedures for joint development co-operation. Australia and Germany will realise jointly approved projects and identify further projects, particularly in the areas of:
  1. Strategic policy dialogue, security and defence co-operation;
  2. Economic relations, trade and investment;
  3. Energy and resources, climate change and clean technology;
  4. International development co-operation;
  5. Education, vocational training, science, innovation and research;
  6. Culture, media and people-to-people links; and
  7. Social and labour policy.

- **Japan:** The Australia-Japan partnership is one of the closest and most mature in Asia and is fundamentally important to both countries’ strategic and economic interests. In 2014 the Australia-Japan relationship was elevated to a ‘Special Strategic Partnership’. In January 2017 Japan’s Prime Minister visited Australia and in January 2018 Australia’s Prime Minister visited Japan, deepening the bilateral ties in areas such as defence and counter-terrorism, supporting the signing of MOUs on sport, tourism and agriculture, and announcing the establishment of a Ministerial Economic Dialogue. Australia and Japan are close partners in regional forums such as Asia Pacific Economic Cooperation (APEC) and the East Asia Summit (EAS). The 2011 MOU on international development co-operation facilitates information exchange and co-operation in sectors such as education, health, food security and infrastructure.

- **New Zealand:** Australia shares a close and wide-ranging relationship on development co-operation with New Zealand. On 20 August 2009, the Australia-New Zealand Partnership for Development Co-operation in the Pacific was signed. The Partnership pledges new efforts by Australia and New Zealand to integrate development assistance activities to lift the effectiveness of aid programs and make improved progress towards the achievement of the MDGs in the Pacific.

- **Republic of Korea:** The MOU on Development Co-operation between Australia and the Republic of Korea was signed in Seoul on 16 December 2009 to provide a framework for greater co-operation on development assistance. The MOU recognises the Republic of Korea as an important emerging donor and development partner in Asia. Both countries are working together to explore ways to develop practical collaboration, with a focus on the Asia-Pacific region.

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Singapore: The Partnership Arrangement on International Development between Australia and Singapore was signed in June 2015. The Partnership Arrangement outlines key understandings and shared objectives and principles on international development between Australia and Singapore and is focussed on the Asia-Pacific region. Australia and Singapore have committed to convene an annual official level development dialogue to broaden understanding and explore potential areas for collaboration. The Annex to the Partnership Arrangement outlines an annual work program. In 2015-16 the focus areas were trade, investment, economic development and sustainable development. Singapore and Australia signed an MOU on Cooperation in Sport in September 2017 to further co-operation on sport and sports administration. More than 1,600 Australian students will study and undertake internships in Singapore in the first five years of the New Colombo Plan (2014-2018).

United Kingdom: Australia and the United Kingdom, through DFID, work together closely on a range of shared development priorities as outlined in the DFAT-DFID Partnership Arrangement, signed on 10 March 2014. The top priorities for collaboration with the DFID under the Partnership Arrangement are:
- Economic growth and development, including AfT and leveraging the private sector;
- Gender equality and women’s empowerment;
- Humanitarian and conflict approaches; and
- Global development policy agendas, including the G20 development agenda, post-2015 development framework and development finance. Central to the Australia-United Kingdom donor partnership is a shared commitment to increasing the effectiveness, transparency and accountability of their respective aid programs.

United States of America: On 10 June 2010, Australia and the United States of America entered into an MOU on International Development Co-operation. The MOU provides a framework for development co-operation activities that assist developing countries to escape conflict and instability and move toward sustainable private sector-led growth. It aims to draw on the shared development objectives and approaches of both countries to enhance program delivery and to support better program outcomes.

Partnerships with Multilateral Organisations

Multilateral organisations achieve significant development results and are important partners for the Australian aid program. Their reach, leverage, specialisation and other strengths play a critical role in helping Australia to meet its international development objectives. Around one-third of the aid budget is channelled through multilateral organisations.

Australia assesses the performance of its multilateral partners to inform its engagement with them and to ensure value for money from its multilateral funding. Australia is currently strengthening and improving its approach to the assessment of performance of multilateral organisations in line with the Australian Aid Policy – Making Performance Count – Enhancing the effectiveness and accountability of Australian Aid to ensure that Australia is working with the most effective partners.

United Nations: Working with the UN and its humanitarian agencies, Australia ensures carefully targeted programs are put in place for emergency assistance and long-term development. In 2015-16 Australia provided A$135.2 million, including A$21.7 million in core funding to the UNDP, and A$41.1 million including A$21 million in core funding to UNICEF. These contributions made up around 34 per cent of Australia’s overall contribution to the UN in 2015-16, which totalled A$519.4 million.196

Gavi, the Vaccine Alliance: Gavi is an example of a successful PPP that works to reduce childhood deaths through helping low-income countries procure new and underused vaccines at globally low prices. These vaccines combat the most common causes of childhood illness and death, including pneumonia, diarrhoea and measles. Gavi’s work aligns with the goals of Australia’s aid program to contribute to sustainable economic growth and poverty reduction through better health. Gavi also uses innovative approaches to generating funding for development, including the International Finance Facility for Immunisation mechanism (IFFIm) which generates funds for Gavi programs through issuing bonds on capital markets. For 2016-20 Australia has pledged A$250 million to Gavi and has also committed A$250 million to IFFIm over 20 years, 2010-2030.197

The Global Fund to fight AIDS, tuberculosis and malaria is a partnership between governments, civil society, the private sector and people affected by the diseases, to accelerate the end of AIDS, tuberculosis and malaria as epidemics. The Global Fund mobilises and invests nearly US$4 billion a year to support programs run by local experts in countries and communities most in need.198 Since 2004, Australia has committed A$820 million to the Global Fund, including its most recent pledge of A$220 million over 2017-19.199

Global Partnership for Education (GPE): GPE is a multi-stakeholder partnership of bilateral and multilateral donors, developing countries, and key stakeholders from civil society and the private sector with the goal of providing quality basic education to all children. GPE and its forerunner, the Fast Track Initiative, have mobilised US$6 billion in support of education since 2002, enabling 72 million additional children to enter primary school in 65 developing countries around the world. Australia has committed a total of A$570 million to GPE since 2007. This includes a pledge of A$90 million for 2018-20, announced in February 2018. Australia’s support to GPE complements its bilateral education programs in the region and extends its reach in the education sector to a global scale. Australia is an active member of GPE’s board.200

Global Environment Facility (GEF): GEF is an international partnership of 183 countries, international institutions, civil society and the private sector to address global environmental issues. GEF works with partners to improve agricultural productivity, sustainable fisheries and water resource management for poor communities. It also engages in environmental activities including biodiversity, land regeneration, protection of international waters, climate change mitigation and adaptation, and management of persistent organic pollutants and the ozone layer. Australia committed A$93 million (2014-18) to the GEF to provide a range of grants to the Indo-Pacific region. As a member on the GEF Council, Australia is actively engaged in the governance of the GEF.201

198 https://www.theglobalfund.org/en/overview/
- **Global Partnership on Output-Based Aid (GPOBA):** The GPOBA funds, designs, demonstrates and documents output-based aid (OBA) approaches. OBA is a results-based and innovative financing instrument designed to improve delivery of basic infrastructure and social services for the poor (e.g. water, telecommunications, microfinance). OBA projects are commonly delivered by private firms, with donors providing performance-linked subsidies. Working with GPOBA enhances Australia’s expertise in the selection, design and implementation of OBA activities, to look at ways in which innovative financing of projects can deliver stronger and more predictable results.\(^{202}\)

- **Global Green Growth Institute (GGGI):** Helps developing countries deliver on their commitments under the Paris Climate Agreement and to meet the UN-SDGs. The GGGI supports developing countries by providing policy and investment advice and capacity building, with a focus on cities, energy, sustainable landscapes and water. Supported by funding from Australia, the GGGI has delivered strong outcomes in the Indo-Pacific region and currently covers 14 projects across nine countries including Cambodia, Fiji, Indonesia, Kiribati, Laos, Myanmar, Philippines, Vanuatu and Vietnam. Australia has announced its continued support for the GGGI, pledging US$15 million (A$19 million) in funding for 2017-2019. Australia is a founding member and core contributor to the GGGI and currently serves on GGGI’s Council, providing strategic direction and oversight of the Institute’s work program and budget.\(^{203}\)

- **Green Climate Fund:** The GCF leverages private sector investment and supports a range of emission reduction and adaptation projects with broader economic and environmental benefits. Australia is an active member of the GCF Board and uses its seat to advocate the interests of its region and to promote effective governance. Australia’s commitment, A$200 million over four years - see Section 3.

- **Commonwealth Development Programs:** Through Australia’s assistance to Commonwealth development programs, Australia is supporting economic development, youth and civil society engagement, education, the rule of law and public sector development. In 2016-17 Australia provided an estimated A$7.2 million in total to Commonwealth development programs, including funding for the Commonwealth Foundation, Commonwealth Youth Program, the Commonwealth of Learning and the Commonwealth Fund for Technical Cooperation.\(^{204}\)


ASSISTING THROUGH TRADE

Australia’s development policy places great emphasis on aid as a catalyst for sustainable economic growth and poverty reduction in developing countries in the Indo-Pacific region. AfT supports the aid program’s key objectives of reducing poverty and lifting living standards through sustainable economic growth.205,206

AID FOR TRADE INITIATIVE

AfT helps developing countries address their internal constraints to trade, such as cumbersome regulations, poor infrastructure and a lack of workforce skills. It supports developing countries to better integrate into and benefit from the global rules-based trading system and implement domestic reforms that have a real economic impact. AfT includes training of customs officials to facilitate trade, investing in ports and storage facilities, connecting farmers to overseas buyers and helping women entrepreneurs to export.

The Strategy for Australia’s AfT Investments, launched on 1 July 2015, established a framework for future Australian AfT investments to ensure they are well planned and effective, meet the needs of the developing country partners and are aligned with Australian interests. Australia’s priority areas for AfT investments include:

- Trade and investment policy and trade facilitation;
- Global value chains;
- Infrastructure;
- Private sector development;
- Economic empowerment of women;
- Knowledge and skills development;
- Agriculture; and
- Services.

Australia’s AfT Program highlights include:

- World Trade Organisation (WTO) Agreement on Trade Facilitation: Australia assists developing and least developed countries to implement the reforms under the Agreement, for example, through improving their customs procedures. Australia is working with 159 members to ensure goods and services can be imported and exported free from unnecessary restrictions or discrimination. Australia views liberalisation through the WTO as the clearest path to comprehensive economic reform, improved efficiency of markets and substantial and sustainable economic growth in all nations.

- Trade Finance for SMEs: Australia works through the ADB to support banks in developing countries to improve practices and develop new financial instruments, so they can better support small and medium-sized exporters.

Australian Aid for Trade: by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>2016-17 Estimated Outcome (A$m)</th>
<th>2017-18 Budget Estimate (A$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure and trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>484.2</td>
<td>505.2</td>
</tr>
<tr>
<td>Banking and finance</td>
<td>201.3</td>
<td>179.6</td>
</tr>
<tr>
<td>Energy</td>
<td>90.3</td>
<td>86.0</td>
</tr>
<tr>
<td>Business support</td>
<td>47.9</td>
<td>46.7</td>
</tr>
<tr>
<td>Trade policy</td>
<td>62.9</td>
<td>92.0</td>
</tr>
<tr>
<td>Industry support</td>
<td>41.5</td>
<td>55.2</td>
</tr>
<tr>
<td>Communications</td>
<td>32.0</td>
<td>35.9</td>
</tr>
<tr>
<td>Tourism</td>
<td>6.8</td>
<td>8.1</td>
</tr>
<tr>
<td>Agriculture, fisheries and forestry</td>
<td>249.1</td>
<td>257.6</td>
</tr>
<tr>
<td>Agriculture</td>
<td>235.4</td>
<td>243.4</td>
</tr>
<tr>
<td>Fishing</td>
<td>12.2</td>
<td>12.6</td>
</tr>
<tr>
<td>Forestry</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Effective governance</td>
<td>14.7</td>
<td>8.3</td>
</tr>
<tr>
<td>Mining and mineral resources</td>
<td>14.7</td>
<td>8.3</td>
</tr>
<tr>
<td>Grand total</td>
<td>748.0</td>
<td>771.1</td>
</tr>
</tbody>
</table>

Figure 29 - AfT estimates for expenditure, by sector 2016-18

- **Health Research**: Australia and the World Intellectual Property Organisation (WIPO) are working together to place scientists from developing countries in the world’s leading research organisations to help develop better treatment options for neglected tropical diseases, malaria and tuberculosis. Drug resistant tuberculosis is a challenge in PNG, while drug resistant malaria elsewhere threatens a resurgence of what was once the world’s biggest killer. Australia supports the Asia-Pacific Leader Malaria Alliance to galvanise action in response.

- **Bringing Books to the Visually Impaired**: Australia and WIPO are working together to help the visually impaired access educational materials.

- **Economic Empowerment of Women in the Pacific**: With the International Trade Centre (ITC), Australia is assisting women entrepreneurs. For example, in PNG craftswomen using billum are being assisted to form co-operatives and market their products internationally. In Samoa, business-women are being supported to better access government procurement processes.

- **Banking opportunities for the South Pacific**: Australia supports the Pacific Financial Inclusion Program. See page 66 for details.

OTHER PROGRAMS

- Direct Aid Program, Pacific:
The Direct Aid Program (DAP) is a small grants program funded from Australia’s aid budget. It has the flexibility to work with local communities in developing countries on projects that reduce poverty and achieve sustainable development consistent with Australia’s national interest. It sits alongside Australia’s longer-term country and multilateral development strategies and with its wide geographical reach, plays an important role in supporting local community efforts towards poverty reduction. In 2017-18 the total DAP budget has been maintained at A$22 million. DAP is administered through Australia’s overseas diplomatic posts on a financial year basis.\(^\text{210}\)

- Government Partnerships for Development (GPFD):
GPFD is a competitive funding program supporting eligible Australian public sector organisations to partner with public sector organisations in developing countries. GPFD supports economic growth and poverty alleviation in developing countries in the Indian Ocean, Asia and Pacific regions. Australian public sector organisations work with implementation partners such as NGOs, government business enterprises, private sector entities including training institutions, and PPP. The following table outlines several GPFD projects in the Pacific.\(^\text{211}\)

<table>
<thead>
<tr>
<th>Title</th>
<th>Summary</th>
<th>Region/Country of Focus</th>
<th>Lead Public Sector Organisation</th>
<th>Duration</th>
<th>Total Funds (A$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development and Food Security through Addressing Illegal Fishing</td>
<td>Improving the capacity of Pacific nations and PNG to combat illegal unregulated and unreported fishing activities in their territorial waters.</td>
<td>Pacific, PNG</td>
<td>Department of Agriculture</td>
<td>Nov 2014 - June 2018</td>
<td>$2.446</td>
</tr>
<tr>
<td>Improving Biosecurity Systems for Cargo Treatment</td>
<td>Building the capacity of counterpart biosecurity agencies to manage multi-country cargo treatment and inspection.</td>
<td>APEC/ASEAN</td>
<td>Department of Agriculture</td>
<td>Nov 2014 - June 2018</td>
<td>$1.222</td>
</tr>
<tr>
<td>Strengthening Prudential Risk Management Capacity in the Pacific</td>
<td>Building the capacity of Pacific financial regulators through on-site training and internships.</td>
<td>Pacific, PNG, Timor Leste</td>
<td>Australian Prudential Regulation Authority</td>
<td>Nov 2014 - June 2018</td>
<td>$1.098</td>
</tr>
<tr>
<td>Supporting and Strengthening Ombudsman and Allied Institutions to Combat Corruption in the Pacific</td>
<td>Supporting the development of integrity institutions (Ombudsmen’s offices and Auditor General’s offices) in the Pacific to allow them to respond to increasingly sophisticated criminal and corruption activities.</td>
<td>Pacific regional and PNG</td>
<td>Office of the Commonwealth Ombudsman</td>
<td>Nov 2014 - June 2018</td>
<td>$1.099</td>
</tr>
</tbody>
</table>


THE NEW COLOMBO PLAN

This Australian government initiative aims to lift the level of knowledge of the Indo-Pacific region across Australia by supporting Australian undergraduates to study and undertake internships in the region. It involves a prestigious scholarship program for study of up to one Academic Year and Internships and/or Mentorships of up to six months, and a flexible Mobility Grant Program for both short and longer-term study, internships, mentorships, practicums and research. The program is open to Australian undergraduates aged 18-28 currently studying at Australian universities.213

In 2018 the New Colombo Plan Scholarship Program objectives are:

- Provide between 120-150 prestigious and highly-competitive scholarships;
- Support more study experiences in as many Indo-Pacific locations as possible;
- Encourage New Colombo Plan students to undertake longer-term study, language study and an internship and/or mentorship;
- Engage New Colombo Plan students, universities and other stakeholders in public diplomacy and outreach; and
- Continue to develop an active alumni community for participants to share their experiences, promote the New Colombo Plan and continue to develop knowledge of, and professional links with the Indo-Pacific region.214

The New Colombo Plan is intended to be transformational, deepening Australia’s relationships in the region both at the individual level and through expanding university, business, and other stakeholder links.215 With an initial commitment of A$100 million, the funding for the program is now ongoing.216

THE PACIFIC FINANCIAL INCLUSION PROGRAM (PFIP)

In 2014 Australia launched a A$14.15 million (FJD$24 million) three-year partnership, aimed at increasing financial services for disadvantaged households across the Pacific. Implemented by the UNDP and the United Nations Capital Development Fund (UNCDF), PFIP aims to add one million Pacific Islanders to the formal financial sector by 2019 through supporting policy and regulatory initiatives, funding innovation with financial services and delivery channels, disseminating market information, and empowering consumers. The Australian government’s partnership with PFIP commenced in 2009, and its latest contribution amounts to 50 per cent of multi-donor support. Donors include Australia, New Zealand, the EU, the UNDP and UNCDF.217,218

217 http://www.pfip.org/about-us/about-pfip/
THE PACIFIC HORTICULTURAL AND AGRICULTURAL MARKET ACCESS PROGRAM (PHAMA)

An Australian government initiative, co-funded by the New Zealand government, PHAMA focuses on maintaining and improving existing market access by developing the capacity of the public and private sectors in PHAMA countries to meet the requirements of these markets, and on gaining access for novel agricultural-based products into new markets.\(^{219}\)

PHAMA has assisted Samoa, Tonga, Solomon Islands, Vanuatu and Fiji increase their agriculture and horticulture exports, by addressing the quarantine, sanitary, phyto-sanitary and other market access requirements of their trading partners. The work of PHAMA focuses on maintaining and improving existing market access by developing the capacity of the public and private sectors in PHAMA countries to meet requirements, and to gain access for novel agricultural-based products into new markets.\(^{220}\)

Recognising the potential for PNG to benefit from PHAMA support to connect the local agriculture sector to global markets, in 2015 the Australian government committed A$5 million (10 million Kina) for PHAMA implementation over the following two years. Agriculture plays a vital role in PNG’s prosperity as over 70 per cent of the country’s population relies on the land through subsistence farming and as an income source.\(^{221}\)

PACIFIC WOMEN SHAPING PACIFIC DEVELOPMENT (PACIFIC WOMEN)

Pacific Women is an ambitious 10-year, A$320 million program (2010-22) supported by the Australian government to improve the political, economic and social opportunities of Pacific women in 14 PICs. Gender inequality remains a significant development challenge for many countries and as a consequence, these nations are unable to reach their full potential when half of their citizens are excluded from important leadership and economic opportunities.\(^{222}\)

Work is underpinned by a focus on supporting positive changes in social norms and attitudes towards women in the Pacific. This will enable women to have a stronger sense of empowerment and belief in their own self-worth and abilities, and to have more opportunities to participate fully, freely and safely in political, economic and social life. Australia’s support is primarily delivered at the country level. Individual country plans have been developed in close consultation with the women and men of the Pacific, their organisations, and their governments to guide implementation of activities. Country plan development has included consultation with women living with disabilities and disabled peoples’ organisations.\(^{223}\)

Through Pacific Women, the Australian government invested A$7.8 million (2012-2014) and has committed to spend an additional A$58 million over 10 years on initiatives supporting women’s empowerment in PNG.\(^{224}\)

WATER FOR WOMEN

Australia will deliver a A$100 million ‘Water for Women’ program over seven years (2017-2024) to improve water access, sanitation and hygiene practices across the Indo-Pacific. Australia has also established a A$20 million Australian Water Partnership to share Australia’s water sector expertise internationally.\(^{225}\)

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222 http://www.pacificwomen.org/about/about-pwspd/
**PACER PLUS**

PACER Plus is a comprehensive Free Trade Agreement (FTA) covering goods, services and investment. PIF Leaders launched negotiations on PACER Plus at their fortieth meeting in August 2009 to help FICs benefit from enhanced regional trade and economic integration. Negotiations concluded in April 2017 and 11 nations are now signatories: Australia, Cook Islands, Kiribati, Nauru, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

Australia’s primary objective is to promote economic development through greater regional trade and economic integration. Australia’s support includes high-quality technical advice, substantial funds to commission independent research on PACER Plus and funds for training of FIC trade officials to strengthen their capacity in respect of the PACER Plus negotiations.

**PACIFIC BUSINESS INVESTMENT FACILITY**

Co-financed by Australia and the ADB, PBIF provides technical assistance to help Pacific businesses access commercial finance for growth, diversification or consolidation. PBIF operates in the 13 Pacific member countries of the ADB and works with eligible businesses to provide a range of financial and commercial services.

A focus of PBIF is to increase access to finance for women-led businesses, identified as a particular challenge in the Pacific. PBIF aims to ensure at least 20 per cent of all businesses they assist are led by women.

In December 2013, the Australian government announced a contribution of A$15 million over five years to the PBIF to:

- Provide business advisory services to over 250 companies in the Pacific; and
- Improve economic opportunities for women through additional support to the Private Sector Development Initiative (PSDI).

See Section 6 for further information on PSDI.

228 https://en.wikipedia.org/wiki/Pacific_Islands_Forum_Fisheries_Agency
233 http://devpolicy.org/governance-for-growth-program-vanuatu-20171215/
STRATEGY TO STRENGTHEN DISABILITY-INCLUSIVE DEVELOPMENT

Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia’s aid program (May 2015) guides Australia’s aid program in supporting people with disabilities in developing countries. The strategy identifies key opportunities where disability-inclusive development can be strengthened based on investment priorities and where Australia can make the most difference, based on key disability-inclusive development challenges, achievements to date and Australia’s recognised expertise. Through the strategy, DFAT will continue to promote disability-inclusive education help remove physical barriers through Australia’s infrastructure investments, and work with partner governments to enhance access to vital services to support disabled people’s organisations (DPOs) in developing countries who play a vital role in giving voice to people with disabilities.234 Key initiatives include:

- **United Nations Partnership to Promote the Rights of Persons with Disabilities (UNPRPD):** A$6.95 million, 2012-16 (Support for Phase 2 for the period 2017-2021 is under consideration). The goal of Australia’s partnership with the UNPRPD is to develop the capacity of national stakeholders, particularly governments and DPOs, to effectively implement the UN Convention on the Rights of Persons with Disabilities. The technical secretariat for UNPRPD is hosted by the UNDP.235

- **UNICEF Partnership on Disability:** A$4.5 million, 2015-19. Australia is partnering with UNICEF to support the second phase of the Rights, Education and Protection (REAP2) project. This partnership builds on the successes of the first phase of the REAP project, which piloted education and child protection activities in Vietnam and Bhutan. The second phase will include a focus on countries in the Indo-Pacific.

- **Supporting the institutional capacity of the Washington Group on Disability Statistics:** A$2.8 million, 2015-18. Australia is supporting the Washington Group to disseminate existing tools to collect disability data, as well as providing technical assistance to support their uptake and consistent use, and to engage in new work on measures of participation and functional limitations related to mental health. Funding provides institutional support through University College London for the Washington Group on Disability Statistics in the form of staffing and resources to facilitate information transfer through regional workshops, travel support and the provision of technical assistance.

- **Strengthening disability statistics for the SDGs agenda:** A$4 million, 2015-18. In partnership with the UN Statistical Division, Australia is supporting a project to strengthen disability statistics for the SDGs. This project will enhance the capacity of national statistical offices in developing countries to produce and disseminate good quality and fit-for-purpose statistics on disability for evidence-based policy making and monitoring. The project will achieve:
  - Formulation of international guidelines for measurement of disability taking into account existing measurement instruments, good national practices and country experiences; and
  - Enhanced capacity of national statistical systems to collect and generate relevant and quality disability statistics based on international guidelines.


- **Disability Rights Advocacy Fund**: A$5.23 million, 2014-18. Australia continues to support the Disability Rights Advocacy Fund, a collaboration between donors and the disability community to provide grants to country-level DPOs. The grants support DPOs to participate in ratification, implementation and monitoring of the UN Convention on the Rights of Persons with Disabilities and to promote a rights-based approach to disability equality at community and government levels.

- **International Disability Alliance Partnership**: A$2.47 million, 2015-2019. Australia partners with the International Disability Alliance (IDA) whose mission is “to advance the human rights of persons with disabilities, as a united voice of organisations of persons with disabilities, utilising the Convention on the Rights of Persons with Disabilities and other human rights instruments.” IDA is a network representing members that are global and regional DPOs. Its unique composition as a network of international DPOs allows it to act as an authoritative and representative voice of persons with disabilities in the UN. Australia’s support enables IDA to achieve key objectives and goals, and to use its global reach to undertake capacity building activities with national and local DPOs in the Indo-Pacific region.

- **WHO Partnership to Enhance the Lives of Persons with Disabilities**: A$6.16 million, 2011-2018. Support through the partnership has included strengthening community-based rehabilitation guidelines and services, and the provision of related technical assistance in the Western Pacific and Asia region. Other activities under this partnership include research on NCDs, strengthening data collection on the situation of people with disability, capacity building of national health ministries to deliver appropriate rehabilitation services, and the development of disability-related guidelines and information.

- **Partnership to support DPOs in the Pacific**: A$5.9 million, 2009-2017. Australia partners with the Pacific Disability Forum (PDF), an umbrella organisation of Pacific DPOs, to support their members to advocate for and advance their rights. PDF works with governments, civil society and development partners to develop policies and actions that include people with disabilities in all aspects of public life on an equal basis with others. As a result, people with disabilities have been able to participate equally in developing and reviewing national disability policies in Kiribati, RMI, Nauru, Niue, PNG, Solomon Islands and Tuvalu. PDF also works with the PIFS, UN agencies, development partners, churches, regional civil society organisations and service providers to ensure that people with disabilities are included in national and regional plans and policies.

- **DFAT-CBM Partnership**: A$1.4 million, 2015-2017. Improving the quality of life for people with disabilities through building understanding and technical capacity for disability-inclusive development. The DFAT-CBM Australia Partnership supports the provision of both short and long-term demand driven technical support and broader capacity development to increase the capacity of DFAT’s policy and program officials and its systems in disability-inclusive development. The Partnership assists DFAT staff to be well-informed and increasingly skilled to deliver disability inclusive aid programs, particularly in the Indo-Pacific region. The long term global impacts of the Partnership are: more disability inclusive societies; greater participation of all people with disability; and reduced poverty.

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236 Previously Christian Blind Mission, now simply known as CBM. CBM is devoted to improving the lives of people with disabilities in the poorest places in the world.
Section 5 of the APTC e-Scan 2018 explores the world economy in the context of developing countries, the Australian and the Pacific Islands economies, and the impact of the Australian migration policy and programs on PICs.

“The really notable thing [about the global economy] is ... the growth that has happened in recent decades - growth so high that we've had the largest reduction in poverty in the history of our species as a result.”

Extreme poverty across the world has decreased considerably in the past three decades, see Figure 31. The number of people living in extreme poverty is expected to have fallen to under 10 per cent of the global population, (WBG projections released on 4 October 2015), giving fresh evidence that a quarter-century-long sustained reduction in poverty is moving the world closer to the historic goal of ending poverty by 2030. The WBG uses the updated international poverty line of US$1.90 a day, which incorporates new information on differences in the cost of living across countries (Purchasing Power Parity exchange rates).

Reductions in poverty are a result of strong growth rates in developing countries in recent years, investments in people’s education and health, and social safety nets that helped keep people from falling back into poverty. However, the WBG cautioned that a slowing global economic growth, with many of the world’s remaining poor people living in fragile and conflict-affected states, and the considerable depth and breadth of remaining poverty, the goal to end extreme poverty remained a highly ambitious target.

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238 From 902 million people or 12.8% of the global population in 2012 to 702 million people, or 9.6% of the global population in 2015.
SHARE OF THE POPULATION LIVING IN EXTREME POVERTY, BY WORLD REGION

Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 Purchasing Power Parity prices). International dollars are adjusted for inflation and for price differences across countries.

Source: Share of the population living in poverty by world region - PovcalNet World Bank
Note: Consumption per capita is the preferred welfare indicator for the World Bank's analysis of global poverty. However, for about 25% of the countries, estimates correspond to income, rather than consumption.

Figure 31 - Share of the population living in extreme poverty, by region

Evidence-based approaches to further reducing poverty rates are needed, including:

- Broad-based growth that generates sufficient income-earning opportunities;
- Investing in people’s development prospects through improving the coverage and quality of education, health, and sanitation; and
- Protecting the poor and vulnerable against sudden risks of unemployment, hunger, illness, drought and other calamities.

These measures will greatly boost shared prosperity and improve the welfare of the least well-off in every country.240

“With these strategies in place, the world stands a vastly better chance of ending extreme poverty by 2030 and raising the life prospects of low-income families.”241

WBG President (October 2015)

239 https://ourworldindata.org/extreme-poverty/historical-poverty-around-the-world
In July 2017, the International Monetary Fund commenced its World Economic Outlook Update with the words - “A Firming Recovery.” The cyclical recovery in the global economy is going from strength to strength and signs point to faster growth across all regions. Capital-intensive investment and consumer demand are rising. Because investment is import intensive, it is lifting world trade at a rate well above GDP growth, which helps spread recovery more broadly across the globe.

Trade: In 2018, the WTO is forecasting trade growth between 2.1 per cent and 4 per cent. Container port throughput and air freight are firmly above trend, indicating strong current shipments of goods. Export orders have reached their highest level since 2011, pointing to sustained recovery. Weaker results are observed for automotive products, agricultural raw materials and electronic components, which could indicate a weakening of consumer sentiment.243

Manufacturing: After years of industrial decline in advanced economies, manufacturing is experiencing a solid revival. The global manufacturing Purchasing Managers’ Index, a measurement of the sector’s health, rose to 54 in November 2017, up from 53.5 the previous month, and the highest reading since March 2011.244

Oil prices: Oil prices have declined markedly since September 2015, however rising demand and flattening global supplies, coupled with OPEC’s cuts since January 2017, is putting upward pressure on oil prices after three years in the doldrums.245

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244 https://qz.com/1144390/global-manufacturing-activity-is-at-its-highest-in-more-than-six-years/
245 https://www.theweek.co.uk/oil-price/60838/oil-price-posts-two-year-highs-but-how-long-can-it-last
FORECAST

Global output is estimated to have grown by 3.7 per cent in 2017, with global growth forecasts for 2018 and 2019 revised upward to 3.9 per cent. The pickup in growth has been broad based, with notable increase in Europe and Asia. However, the pickup in Europe, Asia, and North America is not shared with the Middle East and Sub-Saharan Africa which is afflicted by low growth, adverse weather events and civil strife.

The United States growth is estimated at 2.1 per cent for 2017 and is projected to be 2.4 per cent in 2018. Consumer spending and business investment are strong, while wage growth has yet to take off.

The projection for the United Kingdom is lower at 1 per cent for 2018, based on the economy’s lacklustre performance and the uncertainties over its planned exit from the European Union. The ultimate impact of Brexit on the United Kingdom remains unclear.

Japan’s growth, estimated at 1.6 per cent in 2017 was aided by stronger international trade (stronger export growth), fiscal stimulus and an upturn in public investment. Fiscal consolidation is set to resume in 2018, however growth is projected to be 1.2 per cent in 2018 as export growth remains robust. Japan’s employment is projected to peak in 2018 as the decline in the working-age population accelerates.246,247

China’s 2018 and 2019 GDP growth estimates are 6.4 per cent and 6.3 per cent respectively. External risks to China’s economy include the potential for more restrictive trade policies in advanced economies and geopolitical tensions.

China will both cut back the fiscal stimulus of the last couple of years and, in line with the stated intentions of its authorities, rein in credit growth to strengthen its overextended financial system. Consistent with these plans, the country’s ongoing and necessary rebalancing process implies lower future growth.

Inflation in advanced economies remains subdued and generally below targets; it has also been declining in several emerging economies, such as Brazil, India, and Russia.

Cooperative multilateral effort remains vital to safeguard recent momentum in global activity, strengthen medium-term prospects, and ensure the benefits from technological progress and global economic integration are shared more widely.248,249,250

RISKS TO THE FORECAST

A notable threat to growth is a tightening of global financing terms from their current easy settings (low interest rates, etc). Over the medium term, threats include a potential build-up of vulnerabilities if financial conditions remain easy, the possible adoption of inward-looking policies, and noneconomic factors such as political uncertainty and extreme weather developments that impose devasting humanitarian costs and economic losses on the affected regions. This may also add to migration flows that could further destabilise already fragile recipient countries.

Monetary policy normalisation in some advanced economies, notably the United States, could trigger a faster-than-anticipated tightening in global financial conditions.251

OVERVIEW

In February 2018 the Reserve Bank of Australia (RBA) stated there was a broad-based pickup in the global economy in 2017 which had contributed to a rise in oil and other commodity prices over recent months. Even so, Australia’s terms of trade are expected to decline over the next couple of years but remain at a relatively high level. Business conditions are positive and the outlook for non-mining business investment has improved. Increased public infrastructure investment is also supporting the economy. One continuing source of uncertainty is the outlook for household consumption. Household incomes are growing slowly and debt levels are high.

Inflation is low, with both CPI and underlying inflation running a little below 2 per cent. Inflation is likely to remain low for some time, reflecting low growth in labour costs and strong competition in retailing. A gradual pickup in inflation is however expected as the economy strengthens. The central forecast is for CPI inflation to be slightly above 2 per cent in 2018.

On a trade-weighted basis, the Australian dollar remains within the range that it has been in over the past two years. The low level of interest rates is continuing to support the Australian economy.

BUDGET DEFICIT

The federal budget will continue in deficit over the next four years, with the coming year’s deficit expected to be A$37 billion.254

Over the next decade to 2025-26, net debt is projected to reach A$263 billion, rather than the A$201 billion previously predicted. Net debt as a proportion of economic output is expected to peak in 2017-18 at 18.5 per cent before slowly declining.255

GROWTH FORECASTS

The RBA’s central forecast for the Australian economy is for GDP growth to pick up, to average a bit above 3 per cent over the next couple of years.256

EMPLOYMENT

Employment grew strongly over 2017 and the unemployment rate declined. The various forward-looking indicators continue to point to solid growth in employment over the period ahead with a further gradual reduction in the unemployment rate expected. Notwithstanding the improving labour market, wage growth remains low. There are reports that some employers are finding it more difficult to hire workers with the necessary skills.257

UNEMPLOYMENT

In July 2017 the trend unemployment rate remained at 5.6 per cent, while the number of unemployed persons decreased by 1,800. The seasonally adjusted unemployment rate was 5.6 per cent in July 2017.258

In December 2017, Australia’s unemployment rate was 5.6 per cent from 5.4 per cent in November. Unemployment was highest in Victoria and Tasmania, both were at 6.1 per cent.259

261 https://tradingeconomics.com/australia/unemployment-rate/forecast
Looking forward, the unemployment rate in Australia is estimated to stand at 5.4 per cent in 12 months’ time. It is projected to trend around 5.6 per cent in 2020, according to econometric models.262

<table>
<thead>
<tr>
<th>Australia Labour</th>
<th>Last</th>
<th>Q1/18</th>
<th>Q2/18</th>
<th>Q3/18</th>
<th>Q4/18</th>
<th>2020</th>
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<td>5.2</td>
<td>5.4</td>
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<td>12532</td>
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<td>Unemployed Persons</td>
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<td>726</td>
<td>723</td>
<td>720</td>
<td>693</td>
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<td>Part Time Employment</td>
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<td>6900</td>
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<td>Full Time Employment</td>
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<td>7551</td>
<td>7054</td>
<td>7039</td>
<td>7132</td>
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<td>16711</td>
<td>14780</td>
<td>17100</td>
<td>15600</td>
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<td>Labor Force Participation Rate</td>
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<td>Job Advertisements</td>
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<td>Wages In Manufacturing</td>
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<td>Wage Growth</td>
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<td>2.3</td>
<td>2.3</td>
<td>2.4</td>
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<td>Minimum Wages</td>
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<td>65.5</td>
<td>65.5</td>
<td>66</td>
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<td>Retirement Age Men</td>
<td>65.5</td>
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<td>Wages High Skilled</td>
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<td>Employment Rate</td>
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<td>62.06</td>
<td>62.05</td>
<td>62.02</td>
<td>61.98</td>
<td>61.51</td>
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</table>

Figure 36 - Australia Unemployment Rate Forecast 2017-20, August 2017 263
Australia’s trade balance posted a A$1.36 billion deficit in December 2017, compared with a A$4.41 billion surplus a year earlier and missing market expectations of a A$0.2 billion surplus. It was the biggest trade gap since August 2016, mainly due to a jump in imports. In December, imports soared 6 per cent from the previous month to an all-time high of A$33.82 billion. Exports rose at a slower 2 per cent to A$32.47 billion.

Balance of Trade in Australia averaged -A$628.22 million from 1900 until 2017, reaching an all time high of A$4414 million in December of 2016 and a record low of -A$43600 million in January of 1900.264

The continuing openness of the world economy is vital to Australian interests. Any serious turn towards protectionism would weaken rules that enable stable and predictable international trade, which in turn supports economic growth, job creation and improvements in living standards. Even narrow protectionist measures could limit or disadvantage Australia’s exports and harm the Australian economy.265

Source: tradingeconomics.com | Australian Bureau of Statistics

Figure 37 - Australia Balance of Trade for 2017

264 http://www.tradingeconomics.com/australia/balance-of-trade
265 https://www.fpwhitepaper.gov.au/foreign-policy-white-paper/chapter-four-our-agenda-opportunity#figure-4-1
Figure 39 - Australia’s trade balance, seasonally-adjusted and trends, A$ million from 2013 to 2017.
The focus of Australia’s immigration program is aligned to the economic and political priorities of the day, from programs aimed at bringing in workers to build up Australia’s manufacturing industries in the 1950s and 1960s, to the broader focus of the last twenty years encompassing social (family reunification), humanitarian (including refugee) as well as economic (skilled) migration objectives.268

Australia’s Ministry for Immigration and Border Protection has set a total of 190,000 permanent migration places to be available in 2017-18, a figure unchanged from the previous year. This includes up to:

- 128,550 places for skilled migrants, including employer sponsored, general skilled and business categories;
- 57,400 places for family migrants sponsored by immediate family members; and
- 565 places for special eligibility migrants, who include former permanent residents who have maintained close business, cultural or personal ties with Australia.

Additionally, at least 3,485 permanent Child visa places will be available outside the managed Migration Program.

The Humanitarian Program is managed outside of the permanent Migration Program and is for refugees and others in humanitarian need.269

2017-18 SKILLED OCCUPATIONS LISTS

These lists identify occupations that are most susceptible to supply constraints, and to meet the medium to long term skill needs of the Australian economy where those needs may not be met by sponsored migration programs or by up-skilling Australians. The Medium and Long-term Strategic Skills List (MLTSSL) replaced the former Skilled Occupation List (SOL), while the Short-term Skilled Occupation List (STSOL) replaced the former Consolidated Skilled Occupation List in April 2017.270 For the 2017-18 combined list, refer to Appendix B.

In the 2017–18 MLTSSL there are a number of occupations which are ‘flagged’ for possible removal in the future, as there is emerging evidence of excess supply in the labour market in the medium-to-long term. For the 2017-18 List of Flagged Occupations, refer to Appendix C.

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269 https://www.border.gov.au/about/corporate/information/fact-sheets/20planning

SKILLED MIGRATION

The skilled migration and temporary activity visa program supports Australia’s long-term prosperity by identifying, attracting and retaining overseas skilled workers who help to shape and support Australia’s economic future. Simplification of the skilled migration and temporary activity visa programmes –Australian Government, Department of Immigration and Border Protection, December 2014. Australia’s migration program will continue to add to our economic growth, help alleviate skill shortages and enhance the size and productivity of the Australian work force.

The graph below shows the change in the Permanent Migration Program over the past 10 years.

Figure 40 Australia’s permanent migration program over a 10 year period

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271 Simplification of the skilled migration and temporary activity visa programmes – Australian Government, Department of Immigration and Border Protection, December 2014.
The table below is for the Australia’s Migration Program - Country ranking 2014-15 which indicates the major source countries for permanent migration visa categories.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Family Stream</th>
<th>Points Tested Skilled Migration</th>
<th>Employer Sponsored</th>
<th>Total Skill Stream</th>
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<tr>
<td>1</td>
<td>People’s Republic of China</td>
<td>India</td>
<td>United Kingdom</td>
<td>India</td>
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<td>2</td>
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<td>People’s Republic of China</td>
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<td>5</td>
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<td></td>
<td>Other</td>
<td>Myanmar (28)</td>
<td>Myanmar (45)</td>
<td>Myanmar (61)</td>
</tr>
</tbody>
</table>

Figure 41 - Australia’s Migration Program - Country Ranking 2014 - 15 274

Review of Skilled Migration programs: The Department of Immigration and Border Protection implemented several changes to the temporary activity visa framework in November 2016 in the form of new visa subclasses that incorporate all previous temporary activity visa streams:

- Subclass 400 Temporary Work (Short Stay Specialist) visa;
- Subclass 403 Temporary Work (International Relations) visa;
- Subclass 407 Training visa; and
- Subclass 408 Temporary Activity visa.275

In July 2017 further amendments were made to the permanent and temporary skilled migration programs, including the lists of eligible skilled occupations, English language requirements, training benchmarks for employers, as well as the abolition, introduction and replacement of some visas.276

The Australian visa system will continue to be reformed with the objective of making it easier to navigate and more responsive to Australia’s economic, social and security interests, considering rising traveller volumes and complex risks at the border. As part of extensive service delivery reforms, public consultation on a new visa system commenced in September 2017.277

SKILLED MIGRATION AND PACIFIC ISLANDERS

In the face of low formal sector employment, labour market volatility, the ‘youth bulge’, and the effects of climate change, emigration for skilled Pacific Islanders is an important option for their future.

Migration in the Pacific has been fuelled by labour-market supply and demand. Pacific Island citizens, with limited manufacturing and service sectors at home, seek work elsewhere. The developed, industrialised and urbanised Pacific Rim countries, with rapidly ageing populations, have filled the gap with workers from less developed neighbouring countries. The wages for unskilled or low-skilled jobs in New Zealand and Australia are much higher than those paid for high-status skilled jobs in the Pacific countries.

Often there is not enough regular, paid employment opportunities at home and this is expected to become more of a problem as the unskilled workforce expands over the coming years. Of lesser significance is the demand for skilled workers as many of them leave their home countries to seek better opportunities abroad. As a result, many Pacific countries now have skills shortages in areas such as health, education and the trades.\(^{278}\) This means that national education and training provision has to cater for increasing levels of skilled labour migration as well as meeting skill needs in the Pacific.\(^{279}\)

Australia has a small population of Pacific Island-born people relative to its overall population size. According to the 2011 Census, Pacific Island-born people in Australia comprise only 1.9 per cent (125,506 people) of the total foreign-born population (6,489,874 people), which is about 0.6 per cent of Australia’s total population (21,507,717 people).

The proportion of Pacific Island-born people in Australia is significantly less when compared to New Zealand (151,530 people) and about 3.6 per cent of New Zealand’s total population (4,242,051 people) comprises of Pacific Island-born people, as recorded in its 2013 Census.

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\(^{279}\) http://www.immi.gov.au/skills/skillselect


Figure 42 - Population of Pacific Island-born people in Australia and New Zealand by sub-region\(^{280}\)
The number of skilled Pacific Island-born migrants to Australia for the five years to 2014 totalled 3,215 people. For Pacific Island migrants living in Australia, the major occupations are: registered nurses, accountants, secondary school teachers, and computer professionals. In that period the largest flow of Pacific Island migrants originated from Fiji (332 skilled migrants). Fijian employers-sponsored work visas totalled 41 per cent.281

People born in Fiji and Polynesia form the majority of the Pacific Island-born populations in Australia and New Zealand. A number of countries in Melanesia and Micronesia, particularly those vulnerable to the effects of climate change, are identified as being disadvantaged by the lack of permanent migration options.

SEASONAL WORKERS PROGRAM (SWP)

The SWP is managed by the Department of Employment with support from DFAT and since 2012, more than 18,000 visas for seasonal workers from the Pacific and Timor-Leste have been issued under SWP.282 The program helps contribute to the economic development of participating countries, while also offering Australian employers in the horticulture, and to a lesser level in the accommodation industry, the ability to employ workers from Fiji, Kiribati, Nauru, PNG, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu and Vanuatu when they cannot find enough local labour to satisfy seasonal demand.283 For Australian employers in the agriculture and accommodation industries unable to find enough local labour, SWP offers access to a reliable workforce that is able to return season after season.

Seasonal workers can undertake a range of work in the accommodation sector, including:
- Bar attendants;
- Baristas;
- Food and beverage attendants/waiters;
- Café workers;
- Garden labourers;
- Housekeepers;
- Kitchen hands; and
- Public area cleaners.

Most seasonal workers can be employed from four to seven months, however seasonal workers recruited from Kiribati, Nauru or Tuvalu can be employed for up to nine months. Approved employers must guarantee a minimum average of 30 hours work per week and demonstrate to the Australian government that seasonal workers will benefit financially from their participation.

While the SWP provides opportunities for APTC graduates, the graduates’ skill level is generally higher than is usually required for the program. There is a possibility that participants in the SWP could use the experience gained in the program as evidence of their industry experience in support of their application to study at APTC.

The SWP has enjoyed steady growth, increasing to over 6,100 workers in 2016-17 (See Figure 45, p.85). There are several factors that may have contributed to this growth. In addition to uncapping the program, changes to the program in June 2015 allowed more countries to join, introducing additional cost-recovery and expanding the program into new industries. Previously restricted to horticulture, aquaculture and cane farms, guest workers were allowed to work on cattle, sheep, grain and mixed farming enterprises.284 The SWP also expanded to the accommodation industries in specified locations. A lack of clarity around the backpacker tax may also have encouraged employers to seek alternative recruitment sources.

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281 Curtain, R, Skilling Youth in the Pacific: Identifying the Skill Needs of Eight Pacific Countries together with Australia and New Zealand, 2014
Having returning workers is one of the major benefits for employers of any seasonal migration program, by allowing an upfront cost, such as recruitment and training, to be smoothed over more than one year. In addition, return workers can also act as key linkages for employers into broader networks for future recruitment.

In 2017 the Australian government announced further changes to the SWP to increase support for seasonal workers and employers. These changes included streamlining the application process, introducing a multi-year, multi-entry visa for workers, removing the requirement for employers to organise training for workers while in Australia, and piloting a number of other changes to different aspects of the program. These changes are to be phased in from 1 July 2018.

![Figure 43 - SWP Gender of participants 2012-2016](http://devpolicy.org/seasonal-worker-program-coming-australia-20170125/?utm-source=Devpolicy&utm-campaign=84332e436d-RSS-EMAIL_CAMPAIGN&utm_medium=email&utm_term=0_082b498f84-84332e436d-312086997)

![Figure 44 - SWP Returning workers 2009-2016](http://devpolicy.org/seasonal-worker-program-coming-australia-20170125/?utm-source=Devpolicy&utm-campaign=84332e436d-RSS-EMAIL_CAMPAIGN&utm_medium=email&utm_term=0_082b498f84-84332e436d-312086997)

PACIFIC MICROSTATES - NORTHERN AUSTRALIA WORKER PILOT PROGRAM

In 2015 the Australian government piloted a visa for citizens of Nauru, Tuvalu and Kiribati for work in the north of Australia. This five-year pilot program provides up to 250 citizens from Tuvalu, Kiribati and Nauru with access to a multi-year visa to work in northern Australia. It targets low-skilled, non-seasonal industries and occupations that are unable to access Australian workers. All three countries have signed a MOU with Australia and the first microstate visas issued were to i-Kiribati migrants who arrived to work on Hayman Island in the hospitality industry.288

The Prime Minister also announced the establishment from July 2018 of a new Pacific Labour Facility to support the scheme by connecting workers, employers and training institutions, providing financial education for workers and monitoring the impact of labour mobility programs both in Australia and in Pacific economies.290,291

The new PLS will expand non-seasonal labour mobility opportunities for the Pacific. The scheme will replace the Northern Australia Worker Pilot, significantly increasing the places available and extending its scope to all rural and regional areas in Australia. Kiribati, Nauru and Tuvalu will continue to be a priority focus, with access to be extended to some other Pacific countries over time.292

Under PLS workers will not be able to bring their families with them, however under the Temporary Skill Shortage visa (457) which provides work rights for a two or three-year period, workers are allowed to bring their families.293

Australian working holiday visa: The Australian government announced changes to the Working Holiday Visa (subclass 417). It will become possible to work for an employer for up to a year, instead of only six months, as long as the visa holder is not working in the same location for more than six months. The government also stated it would amend the controversial 32.5 per cent backpacker tax announced earlier in 2017. Backpackers are to be taxed at a 19 per cent rate from the first dollar and will start taxing backpackers’ superannuation refund at a rate of 65 per cent when they leave the country. There is also a potential expansion of the upper age limit from 30 to 35 years of age.294

Research by the Australian National University estimates about 35,000 to 40,000 backpackers now contribute to Australia’s horticultural workforce. While these workers are transient, the research found the initial cost outlay for the SWP was problematic, for example, the employer needs to become a sponsor for a SWP worker, which they don’t do for backpackers, they must pay fees and charges and be responsible for the pastoral care of the workers, so that upfront cost is a deterrent to employers. The research also found the Federal government’s “top down” approach was one of the reasons Australian farmers had not yet embraced the Program. However, the benefits come in the long term when an employer has a worker who comes back several times, and becomes a solution to their labour market issues.295

288 http://devpolicy.org/australias-microstate-visa-first-arrivals-20161212/?utm_source=Devpolicy&utm_campaign=9171b05aee-SS_EMAIL_CAMPAIGN&utm_medium=email&utm_term=0_082b498f84-9171b05aee-31206997
289 http://devpolicy.org/pacific-labour-scheme-no-families-allowed-20180223/
293 http://devpolicy.org/pacific-labour-scheme-no-families-allowed-20180223/
“Tourism, ICT, labour mobility and sustainable fisheries are the key sectors analysed in Pacific Possible that represent the greatest opportunities for governments to turn possibility into reality.”  

Victoria Kwakwa, World Bank Vice-President for East Asia Pacific

The population in the Pacific region is spread across hundreds of islands and scattered over an area equivalent to 15 per cent of the globe’s surface. This is a unique and diverse region. Kiribati is one of the most remote and geographically-dispersed countries in the world, consisting of 33 coral atolls spread over 3.5 million square kilometres of ocean, an area larger than India. Solomon Islands is geographically splintered with 1,000 small islands and atolls. It has a low population density with over 600,000 people dispersed across 90 inhabited islands, 78 per cent of whom reside in rural areas. Solomon Islands is the poorest country in the Pacific when measured in terms of GNI per capita. Refer to Appendix D.

Most PICs share similar challenges in that they are far from major markets, often with small populations spread across many islands and vast distances, and are at the forefront of climate change and its impacts. Faced with natural hazards such as TCs, droughts and earthquakes, along with their geographical remoteness and isolation, PICs, which make up over a third of SIDS, are some of the most vulnerable nations in the world and climate change is increasing these vulnerabilities. TCs, for instance, are expected to increase in intensity over the coming decades. Extreme events such as floods and droughts will add pressure to fragile island systems and may threaten the entire existence of low-lying island nations.

A WBG report of the 20 countries in the world with the highest average annual disaster losses scaled by GDP, found five are PICs. Vanuatu and Tonga are listed as the world’s two most “at risk” countries from disasters in the World Risk Index, with Solomon Islands and PNG placed sixth and tenth respectively. Every year Vanuatu is expected to incur, on average, US$48 million (equivalent to 6.6 per cent of GDP) in losses due to earthquakes and TCs. For Tonga, the annual average loss is 4.4 per cent of the GDP.
ECONOMIC PERFORMANCE

The ADB’s short-term forecast for the Pacific subregion remains at 3.2 per cent for 2018, primarily due to the retained growth outlook for PNG, the subregion’s largest economy. Prospects for the smaller Pacific economies are mixed. Growth estimates have been adjusted downward for most of the North Pacific and small island economies but upgraded for the South Pacific.

Adequate supply of agricultural commodities has kept global food prices weak, however the agricultural price index is expected to pick up slightly during 2018. Key Pacific exports continue to face mixed price prospects. LNG prices rose by 24.7 per cent in the third quarter of 2017 (year on year). Visitor arrivals in the Cook Islands and Fiji, the two largest South Pacific tourist destinations, recorded strong growth in 2017. In Fiji, arrivals increased by 6.5 per cent to over 545,000 in the first eight months of 2017. Tourism in the Cook Islands performed even better, with total visitor arrivals rising by 10.2 per cent over the first three quarters of 2017. Available data shows encouraging signs for most of the smaller South Pacific destinations. Samoa and Vanuatu each had solid growth from their respective main markets in 2017. Tourist departing from New Zealand to Samoa increased by 7.8 per cent over the first three quarters of 2017, further building on gains from the previous year. Similarly, departures from Australia to Vanuatu rose by 17.4 per cent over the first half of 2017.  

Figure 46 - GDP Growth % annual – actual 2016, projections 2017 and 2018. (DCM – developing member country)

The ADB projects that with rising commodity prices taking some pressure off a fiscal crunch in PNG, and recovery from natural disasters in Fiji in 2016 and Vanuatu in 2015, the PIC economies will grow by an average of 3.3 per cent in 2018. This prediction may be impacted by the recovery efforts in Samoa and Tonga after natural disasters in 2018.

**INFLATION OUTLOOK**

Inflation in the Pacific rose from 4.6 per cent in 2016 to 5.2 per cent in 2017. The ADB forecasts this rate will rise to 5.4 per cent in 2018.  

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**FORECAST FOR 2018**

The ADB projects that with rising commodity prices taking some pressure off a fiscal crunch in PNG, and recovery from natural disasters in Fiji in 2016 and Vanuatu in 2015, the PIC economies will grow by an average of 3.3 per cent in 2018. This prediction may be impacted by the recovery efforts in Samoa and Tonga after natural disasters in 2018.

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**TABLE:**

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP Growth (%, p.a.)</th>
<th>Inflation (% annual avg.)</th>
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<td>3.9</td>
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<td>2.3</td>
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<tr>
<td>Vanuatu</td>
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<td>4.5</td>
<td>4.0</td>
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</tbody>
</table>


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Figure 47 - Latest ADB’s Pacific Economic Update data

See Country Profiles (Section 7) for the individual country economic data.
CLIMATE CHANGE ADAPTATION AND EXPANDING CLIMATE FINANCES

Despite its relatively low contribution to the causes of climate change, the Pacific is particularly vulnerable to its effects as it is expected to bring about an increase in the frequency and intensity of extreme events such as flooding, droughts, and cyclones as well as pose threats to marine and terrestrial ecosystems. The Pacific is stepping up efforts to adapt to more extreme weather conditions and mitigate disaster risk. These include integrating climate change and disaster risk concerns into national planning and policies, climate-proofing infrastructure, and building financial resilience.

Financial resilience is a key component to climate change response. A range of options, most recently disaster-contingent lines of credit and sovereign or regional insurance schemes, can be tapped to help Pacific economies recover from climate change impacts.

Figure 48 - Climate Change in the Pacific – Source BOM and CSIRO

Sustained development progress for PICs requires long-term co-operation by international partners, greater economic integration, more equitable natural resource agreements, more open labour markets and adaptation to climate change. Enabling development progress centres on working with Pacific partners in a way that drives economic growth, removes barriers and strengthens the capacity and capability of the people of the Pacific region. Traditional aid donors have started moving from physical infrastructure and production towards institution building and social infrastructure, such as education and health.

Regional co-operation in the Pacific has a well-established record. Regional governance of shared resources and the number of agreements covering environment and sustainable development in the Pacific are steadily increasing. However, the shared challenges and opportunities, limited natural resources, narrowly-based economies, large distances to major markets and vulnerability to external shocks, can affect growth and have often led to a high degree of economic volatility.

Section 6 of the APTC e-Scan 2018 reports on forums, agreements, partnerships and strategies initiated in the Pacific to identify the changing landscape, key stakeholders and structures in place to support economic and social development. This section also examines workforce and educational initiatives facilitating the development of human capital and economic prosperity.

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307 http://www.cn.undp.org/content/dam/china/docs/Publications/Pacific%20Research%20Report%208%20Oct%20ZC.pdf
308 http://www.worldbank.org/en/country/pacificislands/overview#1
PACIFIC PARTNERSHIPS FOR DEVELOPMENT

The Pacific Partnerships for Development commits Australia and its Pacific partners to work together to make rapid progress towards development goals and the development ambitions of the partners, through:

- Improving economic infrastructure and enhancing local employment possibilities through infrastructure and broad-based economic growth;
- Enhancing private sector development, including better access to microfinance;
- Achieving quality universal basic education;
- Improving health outcomes through better access to basic health services; and
- Enhancing governance, including the role of civil society, and the role of non-government organisations in basic service delivery.

Fundamental principles of mutual respect and mutual responsibility underpin the Pacific Partnerships for Development. The Partnership gives effect to Australia’s commitment under the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action to increasingly align assistance with partner government planning and implementation systems. Australia works with New Zealand, development banks and other development partners to achieve these outcomes.309

THE PACIFIC ISLANDS FORUM

The PIF is a political grouping of 16 independent and self-governing states. Forum membership has increased from the original seven founding members (Australia, Cook Islands, Fiji, Nauru, New Zealand, Tonga and Western Samoa – now Samoa) to also include the FSM, Kiribati, Niue, RMI, Palau, PNG, Solomon Islands, Tuvalu and Vanuatu.310

PIF’s goals are to stimulate economic growth and enhance political governance and security for the region through the provision of policy advice and to strengthen regional co-operation and integration through co-ordinating, monitoring and evaluating implementation of decisions. The PIF is led by the Secretary General who is directly responsible to the Forum Leaders and to the Forum Officials Committee, which is a governing body comprising representatives from all PIF members. The PIF’s mandate is delivered through the annual Leaders’ Communiqués and high level ministerial meeting decisions.311

The Pacific Island Forum Secretariat (PIFS), based in Suva, Fiji, is responsible for the delivery of decisions made at the annual Forum Leaders meetings and high level ministerial meetings. The PIFS is mandated to co-ordinate the implementation of the Framework for Pacific Regionalism.

FRAMEWORK FOR THE PACIFIC REGIONALISM (THE FRAMEWORK)

The Framework312 articulates the vision, values and objectives of an invigorated Pacific-wide regionalism and positions Pacific Island Leaders to make decisions about the agenda and priorities for the Pacific region.313

The principal objectives are:

- Sustainable development that combines economic social and cultural development in ways that improve livelihoods and well-being and use environmental sustainably;
- Economic growth that is inclusive and equitable;
- Strengthened governance, legal, financial, and administrative system; and
- Security that ensures stable and safe human, environmental and political conditions for all.

Pacific countries will adopt forms of regionalism for each principal objective, drawing from collective actions that work in support of deeper regionalism. Refer Appendix E for the forms of regionalism.

310 http://www.forumsec.org/pages.cfm/political-governance-security/forum-leaders-meeting/
PRIORITY SETTING

Proposals are submitted by stakeholder groups and consortia which are reviewed by the various committees and sub-groups before being presented to the Leaders at their annual forum. Relevant agencies work on the implementation of the projects, with progress reports prepared by the Forum Secretariat. This process is illustrated by Figure 49.

MONITORING

Progress will be monitored by the relevant implementing agencies and the PIFS, who will work with the Council of Regional Organisations in the Pacific (CROP) agencies to develop a high level regional monitoring framework, linking regional work across key areas to the pursuit of higher-order objectives for regionalism and the fulfilment of SDGs.

CROP (formerly the South Pacific Organisations Co-ordinating Committee, SPOCC) was established in 1988 with the mandate to improve co-operation, co-ordination and collaboration among the various intergovernmental regional organisations to work toward achieving the common goal of sustainable development in the Pacific region.

There are nine members of the CROP:
1. Pacific Islands Forum Secretariat (PIFS);
2. Forum Fisheries Agency (FFA);
3. Secretariat of the Pacific Regional Environment Program (SPREP);
4. Pacific Islands Development Program (PIDP);
5. South Pacific Tourism Organisation (SPTO);
6. University of the South Pacific (USP)
7. Pacific Aviation Safety Office (PASO);
8. Pacific Power Association; and

315 [https://www.spc.int/partners/crop-family/](https://www.spc.int/partners/crop-family/)
The CROP Charter establishes a working group mechanism to support technical and operational engagement on regional priorities identified by Leaders. Presently, there are seven official CROP Working Groups on:

- Population and Health (Chaired by SPC);
- Human Resource Development (Chaired by USP);
- Sustainable Development (Co-chaired by SPREP and PIFS);
- Marine Sector (Chaired by SPC and FFA);
- Information Communication Technologies (Chaired by USP);
- Land Resource (Chaired by SPC); and
- Gender (Co-Chaired by SPC and PIFS).316

The State of Pacific Regionalism Report by the PIFS (June 2017) concluded that the best way to collectively navigate through the increasing geopolitical and economic uncertainty was to focus on utilising shared identity, geography and resources to build a more sustainable, prosperous and resilient Blue Pacific.317

**PIF LEADERS FORUM**

At the 48th PIF Leaders’ Forum in Samoa, September 2017, Leaders endorsed The Blue Pacific identity as the core driver of collective action for advancing the Leaders’ vision under the Framework for Pacific Regionalism. Through this endorsement, Leaders recognised The Blue Pacific as a catalyst for deeper Pacific regionalism that must be supported by inspired leadership and a long-term Forum foreign policy commitment to act as one “Blue Continent”.318

Climate change was a prominent topic, with Leaders recognising the significant vulnerability of PIF countries to the adverse impacts of climate change. Leaders called for urgent, ambitious action from the global community to address climate change.

Regional security was a key topic of discussion. The PIFS was tasked with conducting consultations and presenting a Bitekawa Plus document for consideration at the next Forum, covering an expanded concept of security inclusive of human security, humanitarian assistance, prioritising environmental security, and regional cooperation in building resilience to disasters and climate change.319

**PACIFIC ISLANDS DEVELOPMENT FORUM (PIDF)**

In August 2013, Fiji hosted the inaugural PIDF summit, a regional meeting of Pacific Island leaders initiated by Fiji.

PIDF, widely perceived as a challenge to the PIF, builds on the “Engaging with the Pacific” process established in response to Fiji’s temporary exclusion from the PIF.

“PIDF is being established because...a changing global and regional environment requires new approaches to problem solving. Current development model has not worked and the “Green Economy” now provides the preferred pathway to sustainable development. The model of growth and development pursued in the last decades has not delivered the inclusive growth and sustainable development aspired to by our people. Sustainable development through the Green Economy which not only balances but builds on the synergies between economic growth, social inclusion and preservation of the environment [this] will be the major focus of PIDF.”320

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319 http://devpolicy.org/wrap-48th-pacific-island-leaders-meeting-20170914/
320 http://pacificidf.org/why-pidf/
The PIDF is governed through the following transitional arrangements:

- The annual PIDF Summit as the ultimate forum where leaders of public sector, private sector and civil society deliberate and agree on the key policy decisions, including on innovative approaches, tools, and accountability that advance its Vision, Mission and Purpose;
- The Leaders Council consisting of leaders of governments, private sector and civil society will serve as the governing body to provide overall strategic and policy guidance to the PIDF and the Secretariat;
- An Executive Board of ministerial level representation of governments and executive level representations from the private sector and civil society, to advocate for the interests of PIDF, to review the advice of the Senior Officials Committee and make the necessary recommendations to the Leaders Council;
- The Senior Officials Committee provides technical and policy advice and support to the Leaders Council; and
- The Secretariat that provides advice to the Senior Officials Committee and implements the decisions of the organisation. Headed by the Secretary General who is responsible to the Governing Council through the Senior Officials Committee for the management of the Secretariat.

The PIDF is open to all PICs irrespective of their political status. All public sector, private sector and civil society organisations from the following countries are eligible to participate in PIDF activities: American Samoa, Commonwealth of the Northern Marianas, Cook Islands, FSM, French Polynesia, Guam, Kiribati, RMI, Nauru, New Caledonia, Niue, Palau, Pitcairn Islands, PNG, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, Wallis and Futuna.

The PIDF highlighted Fiji’s importance to the region through references to Fiji’s role as chair of the G77, the MSG trade show and the ability to attract funding for the PIDF from China, Russia, Kuwait and the United Arab Emirates.

The Third International SIDS Conference was held in September 2014 in Apia, Samoa. The overarching theme of the conference was “The sustainable development of small island developing states through genuine and durable partnerships”. UN Member States formally adopted the outcome document of the Conference, the SIDS Accelerated Modalities of Action (SAMOA Pathway) in which countries recognised the need to support and invest in these nations so they can achieve sustainable development.

**Figure 50 - PIDFs partners**

**UN INTERNATIONAL CONFERENCE ON SMALL ISLAND DEVELOPING STATES**

SIDS are low-lying coastal countries that tend to share similar sustainable development challenges. They are recognised by the UN as a special case for sustainable development due to unique and particular vulnerabilities. SIDS members in the Pacific region include the Cook Islands, FSM, Fiji, Kiribati, RMI, Nauru, Niue, Palau, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

**SPHERE OF CONTROL**
National Development Policies, PSIDS NY

**SPHERE OF INFLUENCE**

**SPHERE OF CONCERN**
UNFCCC, Rio+20

321 http://pacificidf.org/partners/
322 http://pacificidf.org/partners/
324 http://en.wikipedia.org/wiki/Small_Island_Developing_States
326 https://sustainabledevelopment.un.org/topics/sids
The SIDS Action Platform was developed as a follow up to the Conference and includes a partnerships platform, a partnerships framework and a UN implementation matrix.327

The first meeting of the Steering Committee on Partnerships for SIDS was held on 25 February 2016 at UN Headquarters in New York. In 2017, the meeting of the Steering Committee was held on 27 February in New York. The meeting focused on three agenda items; the activities stemming from the SIDS Partnership Framework in 2016; a briefing on the recently held Bahamas Symposium; and the proposed activities of the Steering Committee for 2017.328

THE PACIFIC COMMUNITY

The SPC is an international organisation owned and governed by its members. In November 2015, the SPC changed its name to The Pacific Community, however it is still known by the acronym SPC.

SPC works in public health, geoscience, agriculture, forestry, water resources, disaster management, fisheries, education, statistics, transport, energy, human rights, gender, youth and culture to help Pacific Island people achieve sustainable development. SPC’s work program is determined by members, with regional initiatives that support the national policies and plans of members. SPC is actively advocating for greater co-ordination and a more regional approach to the allocation of Pacific aid funding.329

MELANESIAN SPEARHEAD GROUP

The Melanesian Spearhead Group (MSG) is an intergovernmental organisation, composed of the four Melanesian states of Fiji, PNG, Solomon Islands and Vanuatu as well as the FLNKS (Front de Libération Nationale Kanak et Socialiste) of New Caledonia. Indonesia was admitted to the MSG with observation status in 2011 and in 2015 its status was elevated to an associate member.

One of its key features is the Melanesian Spearhead Group Trade Agreement, a sub-regional preferential trade agreement established to foster and accelerate economic development through trade relations. MSG also provides a political framework for regular consultations and review on the status of the Agreement, with a view to ensuring that trade both in terms of exports and imports is undertaken in a genuine spirit of Melanesian Solidarity and is done on a most favoured nation basis.330

In December 2015, PNG and Solomon Islands witnessed the signing of the new partnership agreement between the ACP and the MSG at the Le Bourget Conference venue in Paris. The MOU, signed at the global climate conference in Paris, sets the framework for future collaboration between the two organisations including sharing information and supporting each other’s work.331

In October 2015, the MSG Technical Working Group Negotiations (TWGN) met regarding the draft 3rd edition of the MSG Trade Agreement (MSGTA). The TWGN meeting focussed on the Trade in Goods and Trade in Services Chapters of the draft Trade Agreement. Members agreed to the schedule on Labour Mobility to allow for professionals from MSGTA parties to move freely for employment purposes under the Chapter on Labour Mobility. This has the potential to provide better services in areas of skills shortages, such as doctors, teachers, bankers, pilots.332

PNG hosted the 21st MSG Leaders’ Summit in Port Moresby between 10 - 15 February 2018. PNG’s Prime Minister took the chairmanship of the MSG and its constituent bodies on behalf of PNG. The theme for the summit was relate to peace and prosperity in the MSG.333 Key amongst the decisions were the reform of the MSG Secretariat, its Corporate Plan 2018-2020 and the Work Program and Budget for 2018. The MSG Secretariat in Port Vila, Vanuatu had undergone a major review exercise in 2017 with the revi-
sion of its Corporate Plan, which is now reduced from five to three years to correspond with the term of the Director General who will lead the implementation of the Plan.334

PACIFIC AfT STRATEGY

To generate jobs and improve livelihoods, developing economies will need to grow at a higher rate and for a longer period. If a country is to achieve high and lasting growth, it must participate in international trade.335

AfT helps developing countries improve their regulatory environment, address their poor economic infrastructure and build their private sector capacity. It supports developing countries’ efforts to better integrate into and benefit from the global rules-based trading system, implement domestic reform and make a real economic impact on the lives of their citizens. Refer to Appendix F for the AfT Program Logic diagram.

The OECD Development Assistance Committee categorises AfT investments under the broad headings of trade policy and regulations, economic infrastructure, and building the capacity of the private sector, as outlined in Figure 51.271

The first Pacific AfT strategy was developed in 2009 and has been valuable in the mobilisation of resources. It has since served as a guiding document for the prioritisation of needs against available resources and for the implementation of regional AfT programs.337

The Pacific AfT Strategy 2014-17 harnessed consensus between member states on the priorities for ensuring a growing and more diversified regional economy. The strategy outlined a coherent approach to resource mobilisation, one that signals to donors, investors and international development partners that the region has a clear understanding of how it can best utilise existing and future resources.

The Strategy facilitates trade expansion in the region through four specific objectives:
1. Improving trade-related infrastructure;
2. Increasing productive capacity for trade;
3. Promoting trade-related adjustment; and
4. Improving institutional capacity for trade policy and regulations.338

Agriculture is the most important economic sector for PICs as it provides the greatest source of livelihoods, cash-employment and food security. However, a key challenge is transport as there is little point to harvesting high-value papaya or ginger or cut-flowers if the produce can’t get to consumers who are prepared to pay for them. An even bigger issue is market entry as quarantine restrictions have been identified as the weakest link in the Pacific’s horticultural export marketing chain.339

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335 http://www.forumsec.org/pages.cfm/economic-governance/aid-for-trade/
337 http://www.readperiodicals.com/201307/3136544101.html
338 http://www.tradeforum.org/article/A-strategy-to-support-development-in-the-Pacific/#sthash.hEsSnrUx.dpuf

![Figure 51 - Simplified OECD Aid for Trade Classification Structure](https://dfat.gov.au/about-us/publications/Documents/strategy-for-australias-aid-for-trade-investments.pdf)
Since the launch of the AfT initiative, AfT has been an important part of ADB’s support for regional co-operation and integration, and inclusive development in Asia and the Pacific. The ADB’s 2017 AfT in Asia and the Pacific report guides Asia and the Pacific to work better with key development partners in delivering its objectives. Key highlights include:

- Accelerate trade facilitation, build the infrastructure to expand capacity and improve the business climate to attract more investment; and
- Enhance Regulatory reform to make it less cumbersome thus reduce costs.

Progress on these fronts is important for the Pacific as trade can create the jobs needed to meet employment targets under the UN’s SDGs. Aid for developing services, increasingly tradable as digital technology transforms business and logistics, is particularly important as the sector employs 60 per cent of the workforce globally, and 70 per cent of women workers. However, challenges to Pacific nations to engage in international trade are exponentially compounded by geography: the small size and isolation of sea-locked economies increase the costs of providing services and doing business. Supply-side capacity and trade-related infrastructure constraints further impede access to markets and connections to global value chains, and greatly amplify the isolation.

The report suggests that well-targeted interventions, co-ordination among implementing agencies and partnering institutions, can make a significant difference to the cost and quality of trade and to inclusive growth.

A two-day conference on the report was held in Fiji in February 2018. ADB presented the need for governments to leverage sectors with the most potential to contribute to inclusive growth, trade flows and to generate economy-wide spillovers. For example, around 70 per cent of the total output in the Pacific is generated by services, such as tourism, which employs a large proportion of the workforce, ranging from about 10 per cent in Fiji to almost 50 per cent in Palau with strong links with the rest of the economy.

**PICS TRADE AGREEMENT**

The Pacific Island Countries Trade Agreement (PICTA) is a free-trade agreement between 14 FICs. Australia and New Zealand are excluded. By May 2015, the PICTA had been signed by 12 out of the 14 FICs: Cook Islands, Fiji, Kiribati, FSM, Nauru, Niue, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Apart from FSM, the 11 other FICs that had signed PICTA have ratified the agreement, but only six FICs have announced their readiness to trade, presenting considerable challenges in the implementation of the agreement. Support is currently being provided by the PIFS to assist the remaining FICs to undertake the requisite domestic reform required under the agreement in order to facilitate their readiness to trade under the agreement.

Under the PICTA agreement, virtually all barriers (import tariffs and quotas) to merchandise trade between FICs will be subsequently removed, covering business, communication, construction, distribution, educational, environmental, financial, health, tourism, recreational and transport.

The creation of a regional market is hoped to encourage increased investment in FICs who are often struggling to attract investment, mainly because of the size of their domestic markets. The opportunity for goods manufactured in the FICs to reach the regional market of over 10 million people, tariff and quota-free, may attract more investors who are hesitant to engage with FICs individually.

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340 https://aric.adb.org/events/aft2018
345 http://www.forumsec.org/pages.cfm/economic-governance/regional-trade-1/picta/
PACIFIC REGION INFRASTRUCTURE FACILITY (PRIF)

Established in 2008, PRIF is a multi-agency, multi-partner investment co-ordination mechanism aimed at improving the delivery of development assistance from its members to the infrastructure sector in the Pacific region. The initiative encourages a co-ordinated approach to infrastructure planning and development through harmonised support and improved project prioritisation.

PRIF is supported by: ADB; DFAT; New Zealand Ministry of Foreign Affairs and Trade; WBG; International Finance Corporation (IFC); EC; EIB; and JICA. PRIF aims to:

1. Streamline PIC access to technical and capacity-building assistance and to funding for infrastructure;
2. Improve the quality of infrastructure investments in PICs, for example to enhance sustainability with measures to support recurrent infrastructure maintenance; and
3. Strengthen capacity within PICs to plan, manage and maintain infrastructure for sustainable and improved delivery of services.

PRIF is designed to commit development partners to improve development effectiveness in the infrastructure sector through closer co-ordination, increased use of partner country systems and longer-term support.

PACIFIC ISLANDS PRIVATE SECTOR ORGANISATION (PIPSO)

PIPSO is the peak body for the private sector in the Pacific region; its members are the national private sector organisations of the 14 FICs and American Samoa. PIPSO is mandated to advocate the interests of the private sector at the regional level and to participate and contribute to the policy development and strategies for private sector development.

PIPSO works with regional organisations and donor agencies to strengthen the capacity of its members through consultation, training, mentoring, technical support and funding to enable them to enter into dialogue with their governments on a level playing field.

PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE

A regional technical assistance facility financed by ADB and the Australian and New Zealand governments. PSDI was launched in 2006 and is now in its third phase (2013-19). The initiative works across 14 FICs and focuses on five core areas:

1. Financing growth;
2. Reforming outdated business laws and removing regulations that compromise investment;
3. Enhancing efficiency of state-owned enterprises and promoting PPP;
4. Ensuring well-functioning competition and regulatory frameworks; and
5. Promoting the economic empowerment of women.

PSDI responds to country requests and provides support services in policy and program development, advocacy, legislative and administrative reform, capacity building and technology project management. It assists to remove constraints to doing business; fostering entrepreneurship and new business models; and removing barriers to women’s participation in business. PSDI helps the private sector to formalise and grow their business, to create jobs, pay taxes and lift people out of poverty.
**PACIFIC TRADE INVEST (PTI)**

The international trade and investment promotion arm of the PIFS is the region’s lead tourism promotion, export and investment facilitation agency. It works directly with the private sector to develop, grow and promote business in Cook Islands, Fiji, FSM, Kiribati, RMI, Nauru, New Caledonia, Niue, Palau, PNG, Samoa, Solomon Islands, Tahiti, Tonga, Tuvalu and Vanuatu. Its work focuses on trade facilitation, investment facilitation, creative arts promotion and tourism promotion.  

**INTERNATIONAL TRADE CENTRE**

The Pacific region is presently negotiating multilateral, regional, and bilateral trade agreements in an effort to secure market access to their goods and services. The ITC assists these countries through its program on business and trade policy, and public-private sector dialogue.

The ITC program in the Pacific region is geared towards strengthening national and regional private sector organisations, strengthening trade support institutions, greater usage of ITC global goods and services, public-private sector dialogue on trade policies and facilitating a greater participation of women in the globalised economy.

This is achieved through:

- Facilitating multi-agency collaboration;
- Involvement in the EU/ACP All Agricultural Commodities program;
- Engagement in support of Pacific women in business to build a sustainable regional architecture for women entrepreneurs; and
- The Enhanced Integrated Framework for Pacific Least Developed Countries.

**INTERNATIONAL FINANCE CORPORATION PACIFIC PARTNERSHIP**

A member of the WBG, IFC fosters sustainable economic growth across the Pacific region by financing private sector investment, mobilising capital and advising businesses and governments on projects that generate returns for investors and provide lasting benefits to communities.

IFC’s work in the Pacific is guided by the Pacific Partnership. Australia, New Zealand and IFC work together through the partnership to promote sustainable economic development, reduce poverty and stimulate private sector investment across the Pacific. IFC currently has projects in Fiji, Kiribati, PNG, Samoa, Solomon Islands, Timor-Leste, Tonga and Vanuatu.

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354 [https://pacifictradeinvest.com/](https://pacifictradeinvest.com/)
357 [http://www.ifc.org/wps/wcm/connect/region__ext_content/regions/eastasia+and+the+pacific/countries/ifc+in+pacific](http://www.ifc.org/wps/wcm/connect/region__ext_content/regions/eastasia+and+the+pacific/countries/ifc+in+pacific)
A highly educated and skilled workforce supports innovation, the implementation of technological advances and the accumulation of physical capital for economic prosperity. Research shows the level of educational and skills attainment significantly influences an individual’s future labour force participation and earnings potential.358 Dr Richard Curtain’s 2013 study of the skills needs of eight PICs (Fiji, Solomon Islands, Vanuatu, Kiribati, Tonga, Nauru, Samoa and Tuvalu) provides data related to skills gaps and the level of qualifications held across these countries.359 There are major differences between the high qualifications profiles of Fiji, Samoa, Tonga and Tuvalu and the much lower profiles of Kiribati, Solomon Islands, Vanuatu and Nauru as shown in Figure 52. Skills gaps are high when compared with Australian post-school qualifications rates of 68 per cent for managers, 92 per cent for professionals and 73 per cent for a combined technician and trades group.

SKILLS GAP

One measure of a skills gap is the level of foreign workers in particular occupation groups in a country. Generally across the Pacific, foreign workers have a much higher proportion of post-school qualifications than national job holders in the same occupations. Skills shortages are most pronounced at the managerial and professional levels. Employment of foreign workers in the trades’ environment tends to be at the supervisor or managerial level.

SKILLS SHORTAGES AND THE LOCAL LABOUR MARKET

The PICs’ labour market (with the exception of PNG) suffers from deficient demand for skills because they are small and lacking in a diverse economic structure. This results in severe constraints when matching the supply of skills to the demand, as there is always a lag. However, there is also tension between the provision of local training and the potential for oversupply in skill shortage areas due to the limited employment opportunities in economies with a narrow industrial base, weak private sector and small domestic markets.360

358 https://data.oecd.org/emp/employment-by-education-level.htm
359 Curtain Consulting is a Melbourne-based consultancy specialising in public policy and research since October 1993
360 Curtain, R, Skilling Youth in the Pacific: Identifying the Skill Needs of Eight Pacific Countries together with Australia and New Zealand, 2014
#### LABOUR MOBILITY IN THE PACIFIC

Pacific workers today are international and mobile: i-Kiribati and Tuvaluan seafarers staff the global shipping trade; Samoan and Tongan labourers work in factories and building sites in Sydney and Auckland or pick fruit in New Zealand and Australia; more than 1,000 Fijians work in Iraq and Kuwait as security guards, truck drivers and labourers, while Fijian soldiers and police officers serve in peacekeeping operations around the globe. Migration has become an outlet for the population pressures evident in many island nations and remittances sent home play a vital part in the economy of many PICs. When regular migration channels are available, migration can be used to boost resilience in migrant-sending communities through the generation of remittances, the transfer of knowledge and skills, and the development of networks that can lead to entrepreneurship and new markets. It has been estimated that in the Pacific region alone, well-formulated labour mobility pathways could accommodate 240,000 more Pacific Islanders by 2040 and generate an additional US$10 billion of income. However, the immigration policies of developed nations favour those with skills and high levels of education, and PICs are concerned that more migration will result in a “brain drain” of the small percentage of the population with scarce skills and experience as they migrate to high-income countries. This concern has been behind government and private sector resistance to initiatives to promote regional labour mobility.

In recent years, a growing number of PICs have begun developing national labour migration policies, or action plans to increase migration opportunities or scale of remittances. This is a positive trend; however, national capacity to implement, monitor and evaluate policies still poses a challenge. To support PIC governments, the ILO provides technical support to improve the collection and analysis of labour migration statistics, to strengthen PICs’ ability to manage the impacts of climate change on migration and to provide analytical support to regional labour mobility negotiations. The 2005 Forum Secretariat Remittance Roundtable identified a number of steps to address the problem, including adapting the educational, vocational and training curricula to reflect the fact that many workers are contributing to an international rather than a domestic labour market.

<table>
<thead>
<tr>
<th>ISCO occupation major groups</th>
<th>Fiji</th>
<th>Samoa</th>
<th>Solomon Islands</th>
<th>Tonga</th>
<th>Kiribati</th>
<th>Vanuatu</th>
<th>Nauru*</th>
<th>Tuvalu*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Legislators, senior officials and managers</td>
<td>43.4</td>
<td>43.6</td>
<td>44.3</td>
<td>52.5</td>
<td>33.9</td>
<td>29.7</td>
<td>30.6</td>
<td>60.2</td>
</tr>
<tr>
<td>2. Professionals</td>
<td>77.0</td>
<td>85.3</td>
<td>42.0</td>
<td>72.2</td>
<td>23.4</td>
<td>34.8</td>
<td>19.6</td>
<td>68.0</td>
</tr>
<tr>
<td>3. Technicians and associate professionals</td>
<td>56.7</td>
<td>81.0</td>
<td>26.1</td>
<td>47.4</td>
<td>10.1</td>
<td>18.8</td>
<td>14.1</td>
<td>46.3</td>
</tr>
</tbody>
</table>

*Provisional census results

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CHALLENGES

A number of commissioned studies and stakeholder consultations have identified common and ongoing challenges for TVET in the Pacific:

- An imbalance in demand for and supply of skills;
- Unclear co-ordination of TVET;
- Lack of demand-driven data-training needs analysis/market/graduate tracer surveys;
- Quality assurance and standards - at a very early stage of development;
- Poor/inadequate management pool of TVET personnel;
- Financing, as TVET is under-funded;
- Limited pathways and models of excellence; and
- Organisation and modes of delivery.

The table on the following page identifies priority areas, key issues and challenges in response to the Pacific TVET Framework (PTVETF).
<table>
<thead>
<tr>
<th>Priority Areas</th>
<th>Areas of Attention</th>
</tr>
</thead>
</table>
| **Policy and advocacy** | Strengthening support to ensure that TVET priorities are reflected in national and regional sectoral policies, regulatory frameworks and national structural reforms;  
  A regional marketing and communication strategy to advocate on the benefits of TVET for different interest groups (employers, youths, government officials, women, local communities); and  
  Advocating for TVET through meetings of Pacific leaders and regional sectoral heads in the implementation of various regional frameworks. |
| **Quality and standards** | Reviewing regional and national processes in the licensing of trades and regulatory frameworks for license and other required systems;  
  Regional higher education institutions to support and provide programs focusing on TVET trainers, teacher educators, workplace training and higher level (specialised) TVET; and  
  Enhancing and expanding accreditation and quality assurance systems to international standards. |
| **Access and provision** | Youth engagement in informing service provision to ensure that relevant and applicable programs are identified. Furthermore, providers must keep pace with youth interests and changing market requirements;  
  Higher levels of participation of women and other marginalised groups and those with disabilities and special needs;  
  Increased local/community participation and ownership in mainstreaming for the development of appropriate models of delivery within the villages of the Pacific;  
  Identification and sharing of regional models and programs of excellence in TVET; and  
  Strengthened institutional development of TVET at national and regional levels. |
| **Organisation, delivery, access and pathways** | Strengthened labour market focus as a useful strategy for improving links between TVET providers and labour market needs, and encouraging labour mobility;  
  Opportunities for industry apprenticeships and work attachments (practicum) as critical in introducing students to the world of work and employer expectations;  
  Development of best practice and innovative approaches, including open and distance learning to encourage multiple pathways and opportunities; and  
  Promotion of, and pathways in, community education, sports and cultural practices, as a means of addressing social issues and for the creation of employment skills and attitudes amongst job seekers. |
| **Demand-driven TVET data and market research** | Conducting regular labour market surveys;  
  Building capacity of stakeholders in market research skills and analysis;  
  Tracer studies and research on TVET; and  
  Pilot initiatives as part of research/good practice. |
| **Co-ordination** | Development of an implementation and monitoring and evaluation plan as part of the regional co-ordination mechanism for this framework;  
  Clear information sharing and mechanism for dissemination of outcomes of TVET forums and meetings to feed into forum ministerial processes, especially meetings of ministers of education, information and communication, economics and trade, and labour;  
  Strengthened partnership among regional organisations, development partners, and higher education institutions in the Pacific region; and  
  Strengthening existing TVET information sharing and networking. |
| **Financing TVET** | Establishing a regional funding pool (with development partner support) to develop national TVET programs, strategies, training of trainers, and new initiatives;  
  Increasing TVET scholarship funding so more Pacific Islanders can travel and study in the region and abroad and gain much needed exposure;  
  Supporting the integration of TVET and higher education in Pacific institutions, allowing more opportunities for a sustained and cost effective education;  
  Implementation of cost sharing and cost recovery programs, including registration fees for trainees/employers and consultancy services;  
  Strengthening and promoting employer and industry partnerships and user-pays models and training levies to share the burden of financing TVET; and  
  Mobilising resources for other national level TVET support. |
PACIFIC EDUCATION AND SKILLS DEVELOPMENT AGENDA

The Pacific Education and Skills Development Agenda (PESDA) provides guidance to Australia’s aid program for education and skills development across the Pacific (Fiji, Kiribati, Nauru, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu). The agenda focusses on significant issues faced in the Pacific such as getting children into school and keeping them there, children’s learning, and young people’s employability. 367

Australia has four objectives for its engagement in the development of education and skills in the Pacific:

1. Ensuring that all Pacific children have access to a basic education;
2. Making sure that education is of an acceptable quality, particularly to guarantee literacy and numeracy and to provide a basis for learning beyond primary school;
3. Ensuring young people have opportunities to gain the skills needed to connect to further education, training and employment; and
4. Ensuring that increased numbers of young people gain valued professional, technical or vocational qualifications through post-secondary education and training. 368

Australia’s education assistance in the Pacific is informed by both the Port Moresby Declaration and the Pacific Education Development Framework.

ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

The mission of the OECD is to promote policies that improve the economic and social well-being of people around the world. The OECD Skills Strategy was launched in May 2012 along with an online skills portal that features skills data, country-specific information and policy pointers for developing, supplying and using the global talent pools.

The OECD Skills Outlook 2017 draws attention to the globalisation that has occurred over the past two decades, and the challenges and opportunities that this provides workers. By investing in the skills of their populations, countries can help ensure that their participation in global markets translates into better economic and social outcomes. The OECD Skills Outlook 2017 states that countries can better align their skills characteristics with industries’ skills requirements through high quality vocational and professional education and training that includes a strong work-based learning component. Specific policies foster closer collaboration between the private sector, higher education institutions and research institutions. 369

The following table explores opportunities and barriers as well as strategic planning and policy directions by industry sector. 370

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<table>
<thead>
<tr>
<th>Areas Skills demand</th>
<th>Opportunities</th>
<th>Barriers and issues</th>
<th>Strategic planning and policy directions</th>
</tr>
</thead>
</table>
| **Agriculture**     | - Develop agricultural opportunities.  
                      - Empower people.  
                      - Prioritise policy actions.  
                      - Smallholder agriculture has been the ‘hidden strength’ of otherwise structurally weak economies.  
                      - Substantial investment in product and market development is required for niche commodities. | - The land-poor micro-states that are mostly atolls have very limited land but vast marine resources.  
                      - In some countries the economic contribution of the subsistence sector is underestimated.  
                      - Rapid urbanisation has resulted in large undersupplied markets for traditional and other food products. | - Agricultural policy needs to recognise small-scale farmers as part of the private sector.  
                      - The private sector has some basic needs; to take advantage of agricultural opportunities the private sector needs:  
                      - Infrastructure (roads, ports and jetties, affordable shipping, telecommunications and market facilities);  
                      - Good governance;  
                      - Market access;  
                      - Information and skills;  
                      - An enabling policy environment;  
                      - Access to affordable financial services; and  
                      - Secure access to land. |
| **Fisheries**       | - The overall outlook is for a strengthening of trends towards sustainability.  
                      - Take practical policy actions to increase the contribution of fisheries to development.  
                      - Fisheries in the Pacific have the potential to make a major contribution to sustainable development.  
                      - There is a great diversity in the opportunities and constraints across the region. | - Good national governance is a key to improving the use of fishery stocks.  
                      - More work needs to be done on analysing the impacts of different policy measures.  
                      - The impact of fishing is a growing concern countries can expect to face increasing pressure from illegal fishing.  
                      - The infrastructure and market access constraints are particularly severe for several small countries with large potential in fisheries – Kiribati, Nauru, Tuvalu and Niue. | - The greatest potential for economic growth lies in developing locally based industries.  
                      - Take action to improve policymaking and increase the role of the private sector.  
                      - Address overfishing at the local, national and regional levels.  
                      - Good national fisheries governance – transparency, planning and stakeholder involvement.  
                      - Increase investment in combating illegal fishing and other illegal activities.  
                      - Address corruption by formalising licensing processes.  
                      - Share ideas and experiences, and pool resources.  
                      - Adopt a bottom-up process to strengthen entrepreneurial capacity and build skills in the private sector.  
                      - Training opportunities for the private sector. |
| **Forestry**        | - Forests are an important natural resource in the PICs.  
                      - Forests are a vital safety net for the people of the Pacific.  
                      - The forested islands of the Pacific hold globally significant levels of biodiversity and endemism.  
                      - Certification schemes are needed if niche markets are to be realised. | - Forests are being degraded and biodiversity is under threat.  
                      - Unprecedented logging and land conversion are issues.  
                      - Governance needs to be improved.  
                      - Sound laws and regulations need to be implemented.  
                      - Land tenure issues need to be addressed.  
                      - Donor support needs to be co-ordinated. | - If forests are to be a basis for sustainable development, sustainable forest management will need to be achieved.  
                      - Sustainable forest management requires accountability, transparency, information, the rule of law and economic efficiency.  
                      - Regional action can be taken to address illegal, under-reported and unreported logging. |
**Value-adding and community forest management require enabling environments.**  
- New plantations would need to focus on a few species in which the Pacific has some comparative advantage.  
- Opportunities for producing high-value, non-perishable, non-timber products need to be investigated.

**Revenue from commercial logging is rarely used for longer term investment.**  
- Employment opportunities for nationals are limited.  
- Under this scenario the major primary natural and accessible forests of the Pacific are likely to be logged out by 2020.

**Consideration should be given to supporting a regional certification body.**  
- Continued technical assistance to improve forest management and monitoring systems is a priority.  
- Carbon trading opportunities and technology transfer.

**Private Sector**  
- Growth can be promoted through private sector development.  
- With the support of donors, governments are beginning to identify constraints to growth and to formulate reform agendas.

**Existing policies have failed to respond to the aspirations of the Pacific island peoples.**  
- In the Pacific region, policies should seek to ameliorate the region’s physical and geographic disadvantages.

**Employment and Labour Market**  
- The region faces major challenges in generating sufficient employment to meet the aspirations of its rapidly growing populations.

**Labour and employment market prospects vary across the region and employment data are generally incomplete, out-dated or of poor quality.**  
- The region faces labour market demand and supply problems.  
- Barriers to employment growth can come from the demand or supply of labour markets. Some barriers such as the small size and isolation of an economy are beyond influence of governments.

**Encourage the formation of small businesses.**  
- Recognise and support the informal and subsistence sectors.  
- Align labour skills with market needs.  
- Labour mobility can benefit from targeted training.  
- Policy changes can improve gender equality.

**Mining**  
- There are three main areas where the promotion or adoption of best practice principles by national governments will not be sufficient to achieve sustainable development from investment in the extractive industry sector. They are:  
  - The relationship between private investment, foreign aid and economic diversification;  
  - The allocation of government revenues and management of these revenues; and  
  - The matching of needs, capacities and responsibilities among stakeholders.

**If it is agreed that foreign investment is preferable to foreign aid as an engine of economic growth, then foreign aid programs should not have the effect of discouraging foreign investment, even if that is not the donor’s intention.**

**The challenges and opportunities of the next 15 years cannot be predicted from a survey of current developments. This is especially true of the mining and petroleum sectors because the process of exploration, discovery, investment, extraction and closure is full of uncertainties.**  
- Further expansion of investment to match the development of better policy and management.

**It is not possible to convert key policy opportunities into practical policy options for all relevant decision makers in different countries because of the uneven development.**

**Three issues policymakers in East Timor might wish to discuss with their PNG counterparts are:**  
- The feasibility, costs and benefits of foreign investment in downstream processing facilities in the petroleum sector;  
- Arguments for and against establishment of a national oil company or the acquisition of state equity in oil and gas operations; and  
- The corporate governance structure and investment strategies of PNG Sustainable Development Program Ltd.

**Growth can be promoted through private sector development.**  
- With the support of donors, governments are beginning to identify constraints to growth and to formulate reform agendas.

**Existing policies have failed to respond to the aspirations of the Pacific island peoples.**  
- In the Pacific region, policies should seek to ameliorate the region’s physical and geographic disadvantages.
Many Pacific leaders are committed to reforming the business environment.
Achieving more efficient, cost-effective and competitive transport services is a priority.
When governments get ‘out of the way’, entrepreneurs have responded strongly.
The potential of successful rural enterprise is great.

Regional Economic Agenda

Ministers directed the Forum Secretariat to assist PICs in acquiring the technical capacity to introduce easier processes.

Implementation of Regional Agreements.

Improving economic outcomes is an ongoing process of:
- Setting directions and identifying objectives;
- Identifying the best ways to achieve objectives, given the timeframe and capacity available;
- Implementing activities to deliver planned outcomes; and
- Reviewing the impacts of interventions.

Regional agreements can take a variety of forms, including:

- Regional co-operation, governments working together to share information and take a regional stance on issues, which increases the need for co-ordination and dialogue between governments;
- Regional provision of services pooling national resources to overcome limitations in national capacities, particularly if individual countries are unable to provide certain services because of their large fixed costs (for example, regional airlines and universities); and
- Regional integration, lowering market barriers between PICs to improve access to goods and services and income earning opportunities, using such measures as regional trade agreements and harmonised regulatory systems.

The ADB’s report “Toward a new Pacific Regionalism” concludes that for regional action to be effective it must be self-sustaining and generate sufficient gains to be of net benefit to each participant. Depending on the context, these gains can come from:

There is not a good understanding of how to promote private sector development or how to implement private sector friendly policies.
Policies exacerbate rather than ameliorate the natural disadvantages of geography and size.
Reform remains in its infancy.
Donors’ aid programs need to be co-ordinated and to match the countries’ abilities to absorb aid.

Detailed analyses are essential to identifying specific barriers to private sector development.
Financial market reform requires an effective collateral framework and more credit information on borrowers.
The private sector and communities need to be involved in the provision of infrastructure.
Policymakers and reformers have to be able to identify whether their efforts are promoting private sector development.
Improving the environment for business requires commitment, analysis, persuasion, political action and co-ordination.
As the costs and barriers to business decline, economic activity will increase in areas not yet imagined.

The Forum Economic Ministers Meeting 2004 biennial stocktake of accountability principles also highlighted the need for adequate resourcing of independent monitoring agencies, better financial oversight and enforcement of financial regulations, and more effective accounting and budget execution systems.

Eight Principles of Accountability:

- Principle 1. Budget processes, including multi-year frameworks, to ensure Parliament/Congress is sufficiently informed to understand the longer term implications of appropriation decisions;
- Principle 2. The accounts of governments, state-owned enterprises and statutory corporations to be promptly and fully audited, and the audit reports published where they can be read by the general public;
- Principle 3. Loan agreements or guarantees entered into by governments to be presented to Parliament/Congress, with sufficient information to enable Parliament/Congress to understand the longer term implications;
- Principle 4. All government and public sector contracts to be openly advertised, competitively awarded, administered and publicly reported;
- Principle 5. Contravention of financial regulations to be promptly disciplined;
– Accessing a larger market, leading to a reduction in the per unit costs of production;
– Avoiding costly duplication by sharing limited resources; and
– Harmonising standards to reduce transaction costs and limit the scope for non-co-operative behaviour.

– Principle 6. Public Accounts/Expenditure Committees of Parliament/Congress to be empowered to require disclosure;
– Principle 7. Auditor General and Ombudsman to be provided with adequate fiscal resources and independent reporting rights to Parliament/Congress; and
– Principle 8. Central bank with statutory responsibility for non-partisan monitoring and advice, and regular and independent publication of informative reports.

Framework for Growth

As the developed world has finally started gathering the political will to do something about poverty. Pay attention to delivery mechanism, incentives, and spillover effects, and allowing aid recipients to develop their own approaches while sharing experiences about what works.

All parties need to be involved in articulating a vision and a strategy for improving the lives of Pacific islanders over the next 15 years.

Pacific island communities and policymakers need to recognise that policy and institutional shortcomings can be significant and detrimental to sustaining economic growth. Given the natural disadvantages facing the PICs.

A customised set of reforms that are context specific will need to be identified and pursued in order to fuel economic growth.

The PICs will need to make a concerted effort to adopt institutional arrangements that work well for small countries such as pooling regional capacity and resources where possible to reduce the already very high transaction costs facing these individual small entities.

Concentrate on finding niche markets for exports, rather than attempting to enter markets characterised by global price competition.

Find a way to differentiate the product or service (examples being Fiji water and Maldives tourism).

Two important caveats are in order on this point. First, governments should not get into the business of identifying which niche markets should be developed, as the record of bureaucrats ‘picking winners’ is not very promising. Niche markets thrive when private agents pursue investment in a market-based activity on the basis of expected profits. Second, the role for governments in developing niche markets should be as a facilitator, such that infrastructure or regulatory constraints to the development of a niche market are reduced.

Overfishing, poor negotiations in international arrangements and corruption prevent these revenues from being raised to their maximum potential or from being distributed equitably within the economy.

Land

Adaptation, not replacement, of customary tenures is the way forward.

Maintaining the status quo will produce worst case scenarios, conflict and exploitation.

Blending ownership at the group level with leases or other agreements for the rights to use land at the individual level points to what might be the best way forward.

The challenge for governments is to manage land tenure reform to facilitate economic growth without widespread dispossession.

People have a deep-seated fear that they will be stripped of their land.

Any land reforms in the Pacific must be popularly supported, fair and in accordance with the rule of law.

Mechanisms are needed for adjusting land tenures to the changing patterns of land settlement.

The most practical and acceptable approach is to change land tenure only to the extent that it is necessary.

Introduce land tenure reform only where there is a real demand for the change, and strong local support. Consult stakeholders and community land holders.

Governments will have to do better without any increase in available funds and resources.

In considering land reforms in the Pacific, there are a number of points that deserve emphasis:
| **Political Governance - A priority area affecting all Pacific Island** | **Special arrangements may be required to gain access to customary land to meet the need for land for public purposes and to exploit resources.** | **The only land reforms that have any chance of being accepted and implemented are changes based on existing customary land tenures.** | **The main lesson from previous attempts at reform is not to be too ambitious;**  
**There is no blanket solution. Just as there is diversity between countries and within countries, so must there be diversity in how each country solves its land problems;**  
**Adopting policy and passing legislation on land has proven to be very difficult. If anything, these difficulties are increasing; and**  
**The administrative capacity of the state is weak and is not likely to improve much in the near future.** |
|---|---|---|---|
| | **Civil activism can benefit governance and development if used constructively.**  
**International and regional organisations are playing an increasing role in promoting good governance.**  
**Each country must work out its own strategies.**  
**Working on the supply side of good governance has been the traditional approach and much more can be done.**  
**The demand side of good governance holds the greatest potential for substantive returns to development.** | **The economic and social trends in the Pacific have been influenced by key political governance issues.**  
**Governance and political instability issues have constrained social and economic growth in the Pacific.**  
**Each country must be encouraged to work out its own approaches to better and more effective political governance.**  
**Political governance is about managing the state, establishing transparency and accountability to the people, and promoting a sense of nationhood.**  
**The assumed complex governance structures are beyond the capacities of current governments.**  
**Governance structures generally do not take account of tradition.**  
**The lack of a sense of nationhood constrains development.**  
**The incentives and sanctions for effective leadership are often missing.**  
**Traditional social systems do not encourage the questioning of authority.**  
**The potentially beneficial influences and perspectives of women are often missing in key formal and informal processes.**  
**Pressures for local autonomy run counter to the need for a sense of nationhood and for economic and social integration.** | **Good political governance requires sound electoral processes and well-functioning parliaments.**  
**Peer pressure among politicians.**  
**Educated parliamentarians and seats for women.**  
**Executive governments and public services need professionalism, discipline, accountability and results-based management.**  
**Potential areas for integrating local governance with customary leadership include justice systems, community services and socio-economic issues.**  
**Government positions, policies, strategies and budgets need to reflect the important roles and contributions of women in society.**  
**A sense of nationhood can be promoted through communication, education and leadership and by fairly distributing public finances and eschewing regionalism.**  
**Business interests have no better way of ensuring a safe and fair return on their investment than by promoting good governance among the holders of public office.** |
Section 7 of the APTC e-Scan 2018 is a snapshot of countries where APTC operates in the Pacific region:

- Cook Islands
- Federated States of Micronesia
- Fiji
- Kiribati
- Marshall Islands (The Republic of)
- Nauru
- Niue
- Palau
- Papua New Guinea
- Samoa
- Solomon Islands
- Tonga
- Tuvalu
- Vanuatu
COOK ISLANDS

Cook Islands is a non-campus country. Representation of APTC is managed from the Regional Head Office (RHO) with local support for mobilisations and graduations. The Alumni activity is managed from the RHO.

Location: Cook Islands comprise 15 small islands, spread over 2.2 million square kilometres, northeast of New Zealand, between American Samoa and French Polynesia. The capital is Avarua, on the island of Rarotonga.371

Population: 9,290 (est) as at July 2017.372

Life expectancy: 75.8 years - males 73 years and females 78.8 years (2016 est).373

Language: English (official) and Cook Islands Maori (Rarotongan) (official).374

Literacy rate: 95% of people age 15 years and over can read and write.375

Religion: Protestant 62.8% (Cook Islands Christian Church 49.1%, Seventh Day Adventist 7.9%, Assemblies of God 3.7%, Apostolic Church 2.1%), Roman Catholic 17%, Mormon 4.4%, other 8%, none 5.6%, no response 2.2% (2011 est.).376

Age distribution: 2017 estimates.377

<table>
<thead>
<tr>
<th>Age</th>
<th>%</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>21.12</td>
<td>1,036</td>
<td>926</td>
</tr>
<tr>
<td>15-24</td>
<td>16.63</td>
<td>826</td>
<td>719</td>
</tr>
<tr>
<td>25-54</td>
<td>38.09</td>
<td>1,767</td>
<td>1,772</td>
</tr>
<tr>
<td>55-64</td>
<td>11.99</td>
<td>557</td>
<td>573</td>
</tr>
<tr>
<td>65+</td>
<td>11.76</td>
<td>554</td>
<td>570</td>
</tr>
</tbody>
</table>

Figure 54 - Population pyramid378

Political overview: Cook Islands is a democracy with Queen Elizabeth II being the Head of State and represented by the Governor-General. Cook Islands has close links to New Zealand where it maintains its only diplomatic office overseas. Its people hold New Zealand citizenship with free access to New Zealand.379

Cook Islands is a unicameral parliament with 24 elected members and a parliamentary term of four years. The head of the government is the Prime Minister. There is also a 15-member House of Arika (Chiefs) composed of six Arika from Rarotonga and nine from the outer islands, whose role is to advise the government on land use and customary issues. Cook Islands has full adult suffrage and registration is compulsory, although voting is not.380 Elections were last held in July 2014.381

Bilateral relations: The Australian High Commissioner to New Zealand is accredited to the Cook Islands.

373 http://www.indexmundi.com/cook_islands/life_expectancy_at_birth.html
374 http://www.cookislands.org.uk/language.html#.WCl6uEmtR9A
375 http://www.indexmundi.com/cook_islands/literacy.html
381 http://www.pacwip.org/futureelections/cooki/
Australia’s relationship with the Cook Islands is based mainly on shared membership of regional organisations, development co-operation, people to people links, and Cook Islands’ participation in the Pacific Patrol Boat Program. In 1989, Australia gifted a patrol boat, the CIPPB Te Kukupa, to Cook Islands. Te Kukupa assists the Cook Islands Police Maritime Division with surveillance in Cook Island’s large Exclusive Economic Zone (EEZ). Australia completed a second refurbishment of the Te Kukupa in April 2015.

Through the Defence Co-operation Program, Australia provides in-country, Australian-based training in technical and professional skills, operational planning support, funding support for patrolling and ongoing maintenance. As well as maritime surveillance, Te Kukupa also has search and rescue capability.382

**Economic overview:** Growth moderated in the Cook Islands during 2017 and its growth is projected to decrease to 5.0% in FY2018. Although Cook Islands per capita GDP is high compared to many other PICs, largely due to the substantial support it receives from New Zealand, its economy faces many of the development challenges common to other SIDS. These include relatively limited natural resources, remoteness from major trade and industrial centres and a diminishing labour force. It is highly vulnerable to external economic shocks, especially a decline in tourism, and is prone to natural disasters, particularly cyclones. Despite these constraints, Cook Islands has developed a small but successful tourism industry and the government has accorded high priority to its further development as it contributes over 60% of its GDP, ahead of offshore banking, pearl farming, marine industry and fruit exports.383

Developing marine resources within Cook Islands’ large EEZ, including black pearl farming in the Northern Group of islands is a government priority.384

Driven by ongoing destination marketing and promotions in key source markets and increased air capacity from Air New Zealand, Jetstar, and Virgin, visitor arrivals accelerated to 14.9% in FY2017 from 11.0% in FY2016. With large increases from the Americas, Asia and New Zealand, visitor arrivals are expected to continue to grow in FY2018. However, the main constraint on growth is tourist accommodation capacity that is inadequate for the peak holiday season.

Te Mato Vai is the Cook Islands Water Partnership with the People’s Republic of China and New Zealand, and is one of the largest infrastructure projects to be undertaken in the Cook Islands. The project has boosted GDP growth and brings national health, economic and environmental benefits.386

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387 [https://www.adb.org/countries/cook-islands/economy](https://www.adb.org/countries/cook-islands/economy)

388 [https://www.adb.org/countries/cook-islands/economy#tabs-0-0](https://www.adb.org/countries/cook-islands/economy#tabs-0-0)
Location: FSM is located north of the equator in the western Pacific, approximately 5,000 kilometres west of Hawaii. FSM is made up of 607 islands, 65 of which are inhabited. The islands are in four main groups, forming the basis of the FSM’s four states: Yap, Chuuk, Pohnpei and Kosrae. The capital, Palikir, is located on the island of Pohnpei.

Population: 104,196 (July 2017 est.) FSM has a negative population growth rate of -0.5%.

Life expectancy: 72.9 years – males 70.8 years, females 75 years (2016 est.).

Language: English is the official language of FSM and is widely spoken. While there are at least eight major indigenous languages (Chuukese, Kosrean, Pohnpeian, Yapese, Ulithian, Woleian, Nukuoro, Kapingamarangi) none are spoken across the whole of the island nation.

Literacy rate: 89% (male 91%; female 88%).

Religion: Roman Catholic 54.7%, Protestant 41.1% (includes Congregational 38.5%, Baptist 1.1%, Seventh Day Adventist 0.8%, Assembly of God 0.7%), Mormon 1.5%, other 1.9%, none 0.7%, unspecified 0.1% (2010 est.).

Political overview: FSM is an independent country in a COFA with the United States of America. An American-style constitution incorporates a parliament of an executive branch, a legislative branch and a judicial branch. Each of the country’s four states has an elected governor, a lieutenant governor and a legis-
tive body. The National Congress is unicameral and consists of 14 members. The President of FSM is both Head of State and Head of Government. There are no formal political parties.398

Bilateral relations: Australia established diplomatic relations with FSM in July 1987 and the Australian Embassy in Pohnpei was opened in November 1989.399 Australia’s regional programs assist FSM through: support for fisheries management, via the Forum Fisheries Agency; support to prepare for and mitigate the impacts of severe climate, tidal and oceanographic events through the Climate and Oceans Support Program in the Pacific; and support for strengthening governance and accountability through the Pacific Islands Centre for Public Administration, the Pacific Financial Technical Assistance Centre and the Pacific Regional Audit Initiative.400

Australia and FSM share a common interest in supporting economic and human development. The two countries enjoy a close bilateral relationship supported by shared regional interests, particularly ensuring maritime and transnational security and sustainable management of fisheries. The physical isolation of FSM along with its small population and fragile natural environment present particular development challenges; transport and communication costs are high, and the skills base of the country is low. As a regional neighbour, Australia is well placed to work closely with the FSM government and civil society to support FSM’s development efforts.

For example, many Micronesians live in poverty, have poor health, and cannot access quality education or work opportunities. Australia’s aid program in FSM has been aligned with the FSM government priorities and Australia’s aid policy to have an increased focus on economic growth, expanded engagement in the education sector, and funding for priority activities under the Pacific Women Shaping Pacific Development initiative.401

Economic overview: After experiencing negative growth in 2014, the FSM’s GDP grew by 3.7% in 2015 and 3% in FY2016. The economy is projected to grow by 2.5% in FY2018, reflecting the temporary suspension of infrastructure grants for new projects under the compact with the United States after the FSM failed to establish an adequate project management system.402

While its fisheries subsector has seen robust growth, private sector activities have been unable to offset the decline in public investment resulting from a reduction in grants from COFA. The government depends heavily on United States subsidies, which account for roughly 40% of annual revenue, and is looking to China for future support as the American subsidies are scheduled to expire in 2023.403 In 2015, the FSM’s National Congress endorsed the Action Plan 2023 as a road map to address the fiscal and economic challenges leading up to, and beyond, FY2023.404

To achieve fiscal consolidation, the Action Plan 2023 stresses the need to mobilise revenue by reforming the country’s taxation system and tax administration. The plan also highlights the need for continued control of expenditure, through better public administration and financial management.405

The economy is dominated by government services and largely reliant on external grants, with only a modest private sector. The agricultural sector is estimated to account for 26.3% of GDP, while the industrial and the services sectors contribute to 18.9% and 54.8% respectively.406 The fisheries sector is regarded as having the greatest development potential. With an EEZ of 2.7 million square kilometres, FSM spans major equatorial tuna migratory paths and the fishing industry has been boosted by the construction of cold storage facilities and processing plants. Fishery licensing fees account for nearly half of domestic budgetary revenue.407

402 https://www.adb.org/countries/micronesia/economy
403 https://www.bankofscotlandtrade.co.uk/en/market-potential/federated-states-of-micronesia/economy/vider_sticky=sui
404 https://www.adb.org/countries/micronesia/main
The tourism industry is another area of high potential growth, particularly diving and eco-tourism. Some 21,000 tourists, largely from the United States, Philippines, Japan, and other Asian Countries, visit the islands each year. Tourism development is, however, constrained by limited airline links, availability of infrastructure, including roads, power and water, and by geographical isolation.408

Other industries include construction, specialised aquaculture and craft items (shell, wood and pearls).409

The FSM continues to participate in regional co-operation and has committed to the renewed Pacific Islands Forum Leaders’ commitment to accelerate Pacific regional integration and co-operation, with a focus on climate change, fisheries, and the delivery of information and communication technology.410

![GDP Growth Graph](image)

**Figure 59 - GDP Growth (% per year)**411

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>-2.2</td>
</tr>
<tr>
<td>2015</td>
<td>4.9</td>
</tr>
<tr>
<td>2016</td>
<td>-0.1</td>
</tr>
<tr>
<td>2017</td>
<td>2.0</td>
</tr>
<tr>
<td>2018*</td>
<td>2.0</td>
</tr>
</tbody>
</table>

*2017 and 2018 are forecasts

**Figure 60 - Economic forecasts (%)**412

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth</th>
<th>Inflation</th>
<th>Current account balance (% of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2.0</td>
<td>1.5</td>
<td>4.5</td>
</tr>
<tr>
<td>2018</td>
<td>2.0</td>
<td>2.0</td>
<td>4.5</td>
</tr>
</tbody>
</table>

411 [https://www.adb.org/countries/micronesia/economy](https://www.adb.org/countries/micronesia/economy#tabs-0-0)
412 [https://www.adb.org/countries/micronesia/economy#tabs-0-0](https://www.adb.org/countries/micronesia/economy#tabs-0-0)
FIJI

Fiji is a campus country and is the base for the APTC RHO. The RHO deals with regional student enquiries, mobilisation, and non-campus country Alumni activities. The APTC Fiji campus operations are co-located with the RHO and training is delivered from a number of locations in Suva. The Fiji campus office manages local student enquiries and Alumni activities.

Location: Fiji is an independent country lying on the border between the Polynesian and Melanesian regions of the Pacific. Its capital is Suva.413

Population: After PNG, Fiji is the most populous PIC with a population of 920,938 (July 2017 est.).414

Language: English and Fijian are the official languages, with Hindustani also spoken.415

Literacy rate: 93.7% (male 95.5% / female 91.9%).416

Religion: Most of the population is Christian (64.5%), with Hindu (27.9%) and Muslim (6.3%) comprising substantial religious groups. Other segments reporting unspecified or no religion status.417

Political overview: Fiji has a single chamber, 50-member Parliament, which replaced the bicameral parliament consisting of the Senate and the House of Representatives when a new constitution was promulgated in 2013. The Prime Minister commands the party with the most seats in Parliament, as head of the elected government, and a President is appointed by Parliament as the Head of State and ceremonial Commander in Chief of the Republic of Fiji Military Forces. Elections are held every four years, with the next scheduled for 2018.418

Judicial power and authority is exercised by the courts: the Supreme Court, the Court of Appeal, the High Court, and the Magistrates Court. The courts are independent of Parliament and the Executive.419

Age distribution: 2017 estimates.420

<table>
<thead>
<tr>
<th>Age</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>130,394</td>
<td>124,734</td>
</tr>
<tr>
<td>15-24</td>
<td>75,803</td>
<td>72,774</td>
</tr>
<tr>
<td>25-54</td>
<td>193,700</td>
<td>184,629</td>
</tr>
<tr>
<td>55-64</td>
<td>39,853</td>
<td>38,748</td>
</tr>
<tr>
<td>65+</td>
<td>27,714</td>
<td>32,589</td>
</tr>
</tbody>
</table>

Figure 61 - Population pyramid421

416 http://www.indexmundi.com/fiji/literacy.html
419 https://www.parliament.gov.fj/fijis-system-of-government/
Bilateral relations: Australia is committed to strong and productive relations with Fiji. Australia recognises Fiji’s economic potential and its capacity to serve as a regional hub for business, tourism, security cooperation, and humanitarian and disaster response coordination.422

Around 71,800 Fijian-born people live and work in Australia,423 approximately 3,000 Australians reside in Fiji, and over 360,370 Australians visited Fiji in 2016. Australia is one of Fiji’s largest trade and investment partners. Australian investment in Fiji was worth approximately A$1.33 billion in 2016, and focused mostly on tourism, the financial sector and manufacturing. Fiji’s investment in Australia was valued at A$502 million in 2016, meaning two-way trade in goods and services trade totalled A$1.86 billion in that year (A$1,276 million in imports from Fiji and A$585 million in exports to Fiji).424,425

Australia continues as the lead donor in health and education, areas in which Australia has historically been the largest contributor and where major ongoing challenges remain. Australia will focus on private sector development, good governance and gender equality. These new areas of engagement reflect Fiji’s major development challenges as well as Australia’s development cooperation priorities as outlined in the Australian Aid policy.426

Economic overview: The foundations of Fiji’s economy are broadly sound, and perceptions of increased transparency and accountability following Fiji’s return to democracy have boosted business confidence.427 Expansionary fiscal policies, particularly large infrastructure and social expenditure programs, as well as persistently accommodative monetary policy, have supported seven years of economic growth from 2010. GDP growth is expected to continue in 2018 due to continuing expansion in construction, transport, stronger tourism prospects and public spending. Higher remittances will support higher consumption and investment, adding to economic stimulus. These inward remittances, which have been growing strongly over the past few years, come not only from seasonal workers but also from professional athletes and military personnel deployed on peacekeeping missions.

Service sectors such as finance and transport continue to thrive (largely driven by the tourism industry), and along with construction, manufacturing and retail activity, they are the main drivers of growth.

Tourism remains Fiji’s main source of foreign exchange. Visitor numbers reached a new record of more than 840,589 for the 12 months to January 2018. Provisional numbers show that visitor arrivals for January 2018 totalled 62,648, a decrease of 3.5% compared to a year earlier. While there were decreases in the numbers from China, Australia, Japan and the UK, there were increases numbers from New Zealand, Europe, Pacific Islands, the United States of America, Canada, the Rest of Asia and South Korea.

Visitors arriving for holiday purposes accounted for 72.7% of total arrivals, 8.5% came to visit their friends or relatives, 3.4% came for business purposes, while 15.4% visited Fiji for other reasons.428 In 2017, the Vatuole Island Resort reopen creating an anticipated 400 new jobs.429

Water, gold, garments, sugar and fish continue to be Fiji’s strongest merchandise exports. Agriculture is a source of (mostly informal sector) income for the bulk of the population and continues to make a moderate but far below potential contribution to growth.

Fiji’s 2017-18 budget was passed on 13 July 2017, and continues the government’s focus on poverty alleviation, social empowerment and rural development.430

Growth continues to be supported by fiscal stimulus, public investment, higher visitor arrivals and continuing reconstruction after Cyclone Winston in 2016, all supported by low-interest rates and a sound external position. Standard & Poor’s affirmed its ratings for Fiji of B+ for the long term and B for the short. Meanwhile, Moody’s upgraded Fiji’s rating from B to Ba3 and changed the outlook from positive to stable. This upgrade recognises Fiji’s improved institutional framework and effective policies for economic growth.431

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423 According to the 2016 Australian census
429 http://www.pireport.org/articles/2017/05/03/after-six-years-24-million-investment-closed-fiji-resort-reopen
431 https://www.adb.org/countries/fiji/economy
With a rapidly expanding economy, foreign businesses are encouraged to invest in Fiji with the government assuring investors of the essential role Fiji plays as a cornerstone to Pacific development.

Climate Change: Fiji is highly susceptible to climate change and extreme weather. The country’s national development plan will be integrated with its Green Growth Framework to address adverse climate effects on economic assets. Climate resilience is being mainstreamed into public investment decisions. The government’s switch to a fiscal year that begins and ends well outside of the November–April cyclone season is intended to facilitate the timely funding of disaster response.

Fiji presided over the international climate talks, COP23 in Bonn, and became the first emerging market in the world to launch a sovereign green bond, with the aim of raising FJ$100 million (USD$50 million). Fiji’s sovereign green bond is the first with a special emphasis on adaptation and building up the resilience of its country to climate impacts. A new World Bank report estimates that to reduce its vulnerability to climate change, Fiji needs an investment of more than FJ$9.3 billion (USD$4.5 billion) over the next ten years.

Green sovereign bonds allow governments to raise capital to implement projects that help build resilience to climate change or enhance environmental benefits. The money raised from investors are used exclusively to finance eligible green projects. The WGB’s work on Fiji’s sovereign green bond was financed by the Australian government under its Fiji Partnership with IFC that supports, among other activities, capital market development.

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Fiji presided over the international climate talks, COP23 in Bonn, and became the first emerging market in the world to launch a sovereign green bond, with the aim of raising FJ$100 million (USD$50 million). Fiji’s sovereign green bond is the first with a special emphasis on adaptation and building up the resilience of its country to climate impacts. A new World Bank report estimates that to reduce its vulnerability to climate change, Fiji needs an investment of more than FJ$9.3 billion (USD$4.5 billion) over the next ten years.

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KIRIBATI

Kiribati is a non-campus country. Representation of APTC is supported by a non-campus countries representative who manages local student enquiries, mobilisations, and graduations. Alumni activity is managed from the APTC RHO.

Location: The Republic of Kiribati is an independent country comprising 33 atolls in three main groups running 4,000 kilometres along the equator. Kiribati’s EEZ is the largest in Micronesia and one of the largest in the Pacific.439

Population: Kiribati has a population of 108,145 (July 2017 est.). The people of Kiribati are 99.2% I-Kiribati/mixed, with small minorities of Tuvaluans and Westerners.440

Language: The people of Kiribati speak a language called Gilbertese, or i-Kiribati, however English is the official language.441

Literacy rate: Reliable data for literacy rates in Kiribati is not available.

Religion: Kiribati consist of Roman Catholic 55.8%, Protestant 33.5%, Mormon 4.4%, Bahai 2.3%, Seventh Day Adventist 2%, other 1.5%. (2010 est.)442

Age distribution: 2017 estimates.443

<table>
<thead>
<tr>
<th>Age</th>
<th>%</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
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</tr>
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<td>21.07</td>
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<td>11,503</td>
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<td>25-54</td>
<td>38.98</td>
<td>20,300</td>
<td>21,860</td>
</tr>
<tr>
<td>55-64</td>
<td>6.04</td>
<td>2,942</td>
<td>3,590</td>
</tr>
<tr>
<td>65+</td>
<td>4.23</td>
<td>1,802</td>
<td>2,772</td>
</tr>
</tbody>
</table>

Figure 65 - Population pyramid444

Political overview: The country has a 45-member unicameral parliament, 44 members of which are elected and one appointed - the Member of Parliament (MP) chosen by the Rabi Council. The Speaker is elected by MPs but is not an MP and has no vote.

MPs are elected for a four-year term by non-compulsory universal adult suffrage. Once parliamentary elections are completed, the MPs meet and nominate at least three and no more than four presidential candidates. A President (Te Beretitenti) is then elected by popular vote, on a first-past-the-post basis.

The President is both Head of Government and Head of State and holds ministerial responsibility for Foreign Affairs, Police and the Public Service. Presidential elections were last held in March 2016.445

Bilateral relations: Australia and Kiribati enjoy close and longstanding relations based on regional and international co-operation and trade links, a substantial development assistance program, support for maritime surveillance and broader security

co-operation, and extensive people to people contacts.\textsuperscript{446}

**Economic overview:** Kiribati is one of the most remote and geographically dispersed nations on the planet. It is extremely vulnerable to external shocks due to its vulnerability to climate change, dependence on imports, and reliance on income from overseas sources. Development of the country’s private sector has been constrained by high costs of doing business, the size and scale of the economy, and the country’s widely dispersed population. With a large public sector, maintaining fiscal sustainability is the government’s key priority.\textsuperscript{447}

Kiribati relies heavily on fishing revenue and remittances from citizens employed abroad, mainly seafarers. These are both a sensitive to fluctuations, respectively depending on fish migratory patterns and the global economy. Kiribati citizens are eligible to apply for migration to Australia under the PLS announced by the Australian Prime Minister in September 2017.

Notwithstanding its limited resources, Kiribati has largely had a solid record of financial stability since independence in 1979. Governments have adopted a cautious approach to domestic spending combined with a deliberate policy of capitalising its sovereign wealth fund, the Revenue Equalisation Reserve Fund (RERF). The RERF is used to supplement recurrent revenues and smooth volatility in other income sources, e.g. seasonal fluctuations in fishing revenue.

With the strengthening of the vessel day scheme, revenue from fishing license fees has increased dramatically. Steps are being taken to reduce the many hurdles to private sector growth that Kiribati faces, among which are high transportation and communication costs and the increasing impact of climate change.\textsuperscript{448}

Kiribati has enjoyed several consecutive years of economic growth, which averaged 2.9% from 2011 to 2015. In 2017 growth has been spurred largely by continuing investments in airports, roads, solid waste management and sanitation financed by development partners. However, recent developments suggest that growth in 2018 will be higher than first projected in the ADO 2017. Solomon Airlines commenced flights linking Kiribati’s capital, Tarawa, to Brisbane via Honiara in Solomon Islands under its recent agreement with Air Kiribati. A new US$50 million water supply project in South Tarawa and a US$30 million infrastructure development project to upgrade roads, marine landings and airfields on outer islands are expected to commence shortly.\textsuperscript{449}

Economic growth is expected to moderate in 2018 as fishing license revenues continue to fall, weighing on public spending and economic output.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{fiscal_impact.png}
\caption{Fiscal impact of fishing license revenue (% of GPD)\textsuperscript{450}}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{gdp_growth.png}
\caption{GDP Growth (% per year)\textsuperscript{451}}
\end{figure}

\begin{center}
\begin{tabular}{|c|c|c|}
\hline
 & 2017 & 2018 \\
\hline
GDP Growth & 2.0 & 2.3 \\
Inflation & 2.0 & 2.0 \\
Current account balance (% of GDP) & -2.4 & -3.0 \\
\hline
\end{tabular}
\end{center}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{economic_forecasts.png}
\caption{Economic forecasts (%)\textsuperscript{452}}
\end{figure}

\begin{footnotesize}
\textsuperscript{446} http://dfat.gov.au/geo/kiribati/pages/kiribati-country-brief.aspx \\
\textsuperscript{447} https://www.adb.org/countries/kiribati/main \\
\textsuperscript{448} http://dfat.gov.au/geo/kiribati/pages/kiribati-country-brief.aspx \\
\textsuperscript{449} https://www.adb.org/countries/kiribati/economy \\
\textsuperscript{450} https://www.adb.org/sites/default/files/publication/384676/pem-december-2017.pdf \\
\textsuperscript{451} https://www.adb.org/countries/kiribati/economy \\
\end{footnotesize}
The RMI is a non-campus country. Representation of APTC is managed from the RHO with local support for mobilisations and graduations. The Alumni activity is managed from the RHO.

**Location:** The RMI is an independent country in a Compact of Free Association (the Compact) with the United States. The RMI comprises five islands and 29 atolls.453

**Population:** The population of RMI is 74,539 (July 2017 est).454

**Language:** Marshallese is the official language of RMI but English is widely used in business and spoken as a second language. Japanese is also spoken by some members of the community.455

**Literacy rate:** 93.7% of the population aged 15 years and over can read and write. (male 93.6%; female 93.7%).456

**Religion:** The people are almost entirely Christian, primarily Protestant, due to the arrival of American and Hawaiian Protestant missionaries in the 1860s. The United Church of Christ is the principal denomination, representing some 55% of the population.457

**Age distribution:** 2017 estimate

<table>
<thead>
<tr>
<th>Age</th>
<th>%</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>34.89</td>
<td>13,261</td>
<td>12,743</td>
</tr>
<tr>
<td>15-24</td>
<td>18</td>
<td>6,620</td>
<td>6,594</td>
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<tr>
<td>25-54</td>
<td>37.28</td>
<td>14,147</td>
<td>13,642</td>
</tr>
<tr>
<td>55-64</td>
<td>5.82</td>
<td>2,189</td>
<td>2,148</td>
</tr>
<tr>
<td>65+</td>
<td>4.02</td>
<td>1,475</td>
<td>1,520</td>
</tr>
</tbody>
</table>

**Political overview:** RMI is an independent country in a COFA with the United States until 2023. Under the Compact, the United States provides at least US$57 million annually and has responsibility for RMI’s security and defence, as well as providing various other services, such as assistance in a natural disaster, health services, air safety and weather prediction, through more than 40 United States government agencies. RMI has full control over domestic and foreign policy (excluding security and defence) and its citizens have access to favourable provisions for traveling to and working in the United States.

RMI has a semi-Westminster style constitution, adopted in 1979, with a Nitijela (parliament) comprising 33 members, who are elected every four years by universal suffrage. While there are no formal political parties in RMI, there are two political groupings, the Aelon Kein Ad (Kabua Party) and United Democratic Party. The President is both the Chief of

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456 http://www.indexmundi.com/marshall_islands/literacy.html
State and Head of Government. The Cabinet is selected by the President from among the members of the legislature. The legal system is based on adapted Trust Territory laws, acts of the legislature, municipal, common, and customary laws. The last elections were held in November 2015.459

**Bilateral relations:** Australia was the second country, after the United States of America, to establish diplomatic relations with RMI in 1987. Australia and RMI enjoy a close bilateral relationship supported by shared regional interests, particularly ensuring maritime and transnational security, sustainable management of fisheries and a common interest in supporting economic and human development. The Australian Embassy in Pohnpei, FSM, is responsible for Australian affairs in RMI.460

**Economic overview:** The RMI economy is dependent on revenue from the United States under the Compact, with over 80% of government revenue being derived directly, or indirectly, from United States grants.461 However, the annual grant assistance under the Compact has been diminishing since 2003. After the Compact grant period expires in 2023, the RMI is expected to complement domestic revenues with returns from the Compact Trust Fund, which receives annual savings from fiscal surpluses and contributions from development partners. Yet building the trust fund is a major challenge, especially under prevailing global economic uncertainty.462

The government is the major employer, followed by the commercial and retail sectors. The construction industry is expanding but there is limited domestic production; fisheries, copra, handicrafts and subsistence agriculture being the most significant sectors.463

The RMI sells fishing rights to other nations as a source of income. Under the multilateral United States-Pacific Islands tuna fisheries treaty, the United States provides an annual grant to Pacific Island parties, including the RMI, for access by licensed U.S. fishing vessels.464

Economic growth in FY2017 appears set to have met the ADO 2017 forecast, with public investments funded by development partners and infrastructure grants under the Compact with the US progressing in accordance with expectations. Growth in FY2018 is expected to slow in line with the forecast as project implementation suffers under capacity constraints. Inflation projections have been revised down for FY2018, in line with the outlook for global food and fuel prices.466

**Figure 70 - Fiscal balances (% of GDP) with vessel day scheme and without 465**

**Figure 71 - GDP Growth (% per year)467**

**Figure 72 - Economic forecasts (%)**

462 [https://www.adb.org/countries/marshall-islands/main](https://www.adb.org/countries/marshall-islands/main)
466 [https://www.adb.org/countries/marshall-islands/economy](https://www.adb.org/countries/marshall-islands/economy)
467 [https://www.adb.org/countries/marshall-islands/economy](https://www.adb.org/countries/marshall-islands/economy)
NAURU

Nauru is a non-campus country. Representation of APTC is managed from the RHO with local support for mobilisations and graduations. The Alumni activity is managed from the RHO.

Location: Nauru is located in the South Pacific Ocean, south of the RMI. There is no official capital, although government offices are located in the south of the island in the Yaren District. The total area is approximately 21 square kilometres. The climate is tropical with a monsoonal pattern rainy season from November to February.468

Population: Nauru population is 9,642 (2017 est.), falling from 10,167 in 2012. Ethnic groups include Nauruan 58%, other Pacific Islander 26%, Chinese 8%, and European 8%. These figures include temporary residents, who are primarily asylum seekers and refugees.470

Language: Nauruan is spoken by 93% of the population, English by 2%, and other languages by 5% (2011 est). English is widely understood and is used for most government and commercial purposes. The percentages provided here represent the main language spoken at home.471

Literacy rate: 96.5% est. (male 95.7%, female 97.7%). The proportion of the country's population aged 15 and over attaining academic degrees is one of the lowest in the world, with about 5% holding a tertiary qualification such as a matriculation certificate, other certificates, diploma, or an undergraduate or post graduate degree.472,473

Religion: Nauru is a mixture of Christian Churches (Nauru Congregational 36%, Roman Catholic 33%, Nauru Independent Church 10%, other 18%), none 2%, unspecified 1% (2011 census).474

Age distribution: 2017 estimates.475

<table>
<thead>
<tr>
<th>Age</th>
<th>%</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>31.4</td>
<td>1,323</td>
<td>1,705</td>
</tr>
<tr>
<td>15-24</td>
<td>16.21</td>
<td>766</td>
<td>797</td>
</tr>
<tr>
<td>25-54</td>
<td>43.4</td>
<td>2,112</td>
<td>2,073</td>
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<tr>
<td>55-64</td>
<td>6.38</td>
<td>240</td>
<td>375</td>
</tr>
<tr>
<td>65+</td>
<td>2.6</td>
<td>96</td>
<td>155</td>
</tr>
</tbody>
</table>

Political overview: Nauru is one of the world's smallest independent, democratic states. Its constitution, adopted in 1968, established it as a republic with a Westminster-style parliamentary system of government. The President is elected by,
and responsible to, the unicameral Parliament and is both head of government and head of state. As there are no political parties in Nauru, all MPs stand as independents. MPs are elected every three years by Nauruan citizens over the age of 20.477 The last elections were held in July 2016 and monitored by international observers.478

**Bilateral relations:** Australia enjoys good relations with Nauru and is its largest trade, investment and development assistance partner. The Australian government upgraded its mission in Nauru from Consulate-General to High Commission in August 2009. In 2015 Australia and Nauru agreed on a new Aid Investment Strategy outlining mutual priorities and joint commitments for Australia’s development assistance through to 2018-19. In September 2012, Australia established a Regional Processing Centre in Nauru for processing asylum seekers’ international protection claims.

Nauru participates in the SWP.479 Workers from Nauru may work in Australia under SWP for nine months (usually the visa is granted for four to seven months) because of the high costs of transport home.480,481 Nauru citizens are eligible to apply for migration to Australia under the PLS announced by the Australian Prime Minister in September 2017.

**Economic overview:** Nauru’s economy faces significant constraints common to other island atoll states. These include its small size, remoteness, a harsh natural environment with infertile soils, limited exploitable resources and the need to create jobs and promote growth for an expanding population. Pelagic fish abound in Nauruan waters, but Nauru has been unable to establish a fishing industry of its own. Fees from fishing licenses issued to distant fishing nations are an important source of revenue for Nauru. An Australian-funded fisheries adviser has been engaged to help maximise revenue from the country’s marine assets. The phosphate industry also continues to be an important revenue stream. However, revenue associated with the presence of the Regional Processing Centre and its ancillary service providers represents Nauru’s most significant revenue stream. The significant increase in the expatriate population has resulted in major increases in revenue from customs duties and other fees and levies. This increased economic activity has also resulted in Nauru now enjoying near full employment.482

However, economic and fiscal sustainability remain key concerns for the government. The country relies on narrow and uncertain sources of revenue, with limited private sector opportunities. Education outcomes are improving but are still poor by international standards, while rates of NCD are among the highest in the world.483

Nauru grew less in FY2017 than projected in ADB’s Asian Development Outlook (ADO) 2017 report. Economic contraction is still expected in 2018 in line with the planned scaling down or closure of the Regional Processing Centre for asylum seekers and refugees and due to only a gradual recovery in phosphate exports.484

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**Figure 74 - GDP Growth (% per year)**485

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>36.5</td>
</tr>
<tr>
<td>2015</td>
<td>2.8</td>
</tr>
<tr>
<td>2016</td>
<td>10.4</td>
</tr>
<tr>
<td>2017*</td>
<td>4.0</td>
</tr>
<tr>
<td>2018*</td>
<td>-4.0</td>
</tr>
</tbody>
</table>

*2017 and 2018 are forecasts

**Figure 75 - Economic forecasts (%)**486

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>4.0</td>
<td>-4.0</td>
</tr>
<tr>
<td>Inflation</td>
<td>6.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
<td>0.5</td>
<td>-1.8</td>
</tr>
</tbody>
</table>

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478 http://www.abc.net.au/news/2016-07-10/nauru-s-president-secur...7583640
483 https://www.adb.org/countries/nauru/country-brief.aspx
484 https://www.adb.org/countries/nauru/economy
485 https://www.adb.org/countries/nauru/economy#tabs-0-0
486 https://www.adb.org/countries/nauru/economy
NIUE

Niue is a non-campus country. Representation of APTC is managed from the RHO with local support for mobilisations and graduations. The Alumni activity is managed from the RHO.

Location: A coral island of only 260 square kilometres, Niue is located about 480 kilometres east of Tonga and 560 kilometres south-east of Samoa.487

Population: 1,614 in August 2017.488 The population of Niue has steadily dropped from a peak of 5,200 in 1966 due to substantial emigration to New Zealand 2,400 km to the southwest.489 Niueans are New Zealand citizens with the right of free access to New Zealand, where approximately 24,000 Niueans live. About 900 Niueans live in Australia.490

Language: English (official) and Niuean (a Polynesian language closely related to Tongan and Samoan).491

Literacy rate: 95%492

Religion: Ekalesia Niue (Congregational Christian Church of Niue - a Protestant church founded by missionaries from the London Missionary Society) 67%, other Protestant 3% (includes Seventh Day Adventist 1%, Presbyterian 1%, and Methodist 1%), Mormon 10%, Roman Catholic 10%, Jehovah’s Witnesses 2%, other 6%, none 2% (2011 est.).493

Age distribution: calculated from 2011 Niue census data.495

Political overview: Niue is a self-governing parliamentary democracy in free association with New Zealand since 1974 and is fully responsible for its internal affairs. New Zealand retains responsibility for external affairs and defence however these responsibilities confer no rights of control and are only exercised at the request of the Niuean govern-
The Head of State is Her Majesty Queen Elizabeth II, represented by the Governor-General of New Zealand. The most recent Niue general election was held on 6 May 2017.

**Bilateral relations:** Australia and Niue established diplomatic relations on 27 February 2013. Australia’s High Commissioner to New Zealand is accredited to Niue. Australia and Niue enjoy a friendly relationship based on shared membership of Pacific regional organisations, development co-operation and people to people links. Australia is helping Niue build a skilled workforce by providing access to awards to individuals to further their education and professional development.

**Diplomatic relations:** The Chinese Premier and his Niuean counterpart on 13 December 2017 exchanged congratulatory messages on the 10th anniversary of diplomatic relations between the two countries. China attaches great importance to developing its relations with Niue and is willing to work with the country to strengthen bilateral dialogues in all fields, exchanges and cooperations to push forward their strategic partnership based on mutual-respect and joint development. Niue will continue to adhere to the one-China policy and hopes to forge stronger ties of co-operation with China.

**Economic overview:** The economic challenges Niue faces are common to other small island states within the region. Geographic isolation, limited natural resources and a small population hamper economic development. Cyclones occasionally devastate the island’s infrastructure, including housing and tourist facilities.

Under the terms of the constitutional agreement between the two countries, New Zealand provides substantial economic and administrative assistance to Niue. Economic assistance is provided in the form of both direct budget support and project related aid.

Fishing licences and the international lease of Niue’s unique four-digit telephone numbers are important income earners for the country. Remittances from Niueans living abroad supplement the income of island families.

The agricultural sector consists mainly of subsistence gardening although some cash crops are grown for export. Noni-juice production also provides ongoing employment opportunities. Industry consists primarily of small factories to process passion fruit, lime oil, honey and coconut cream. The sale of postage stamps to foreign collectors is an important source of revenue.

In October 2017, Niue’s government announced intentions to establish a Marine Protected Area (MPA) covering 40% of the island’s EEZ. The MPA will “lock up” a proportion of its fishing resource for conservation and help reduce global over-fishing threatening fish stock. Once established, it will be the 28th largest MPA in the world.

The announcement drew praise from National Geographic whose Pristine Seas operation took researchers and conservationists to the island in September 2017, where they mapped the area including Beveridge Reef as one of 17 pristine natural sites in the world and carried out a comprehensive biodiversity assessment of the area.

The tourism industry is a small but potentially important sector in the economy. In 2016 the number of holiday makers was estimated to be 7,818 visitors, an increase of 1.4% from the previous year. Niue Tourism hosts events to drive tourism, for example, ukulele players and fans will again descend on Niue in March 2018 for the island’s biennial ukulele festival – NiueKulele. Niue Tourism will host the festival from 16 - 20 March 2018. The festival will feature ukulele workshops (including Pacific techniques and styles), as well as concerts and instructional sessions with some of the most influential ukulele musicians from around the world and locally.

Economic indicators for Niue are unavailable.

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499 https://www.facebook.com/niuepolitics2017/
502 https://corporate.southpacificislands.travel/china-niue-exchange-congratulatory-messages-10th-anniversary-diplomatic-relations/
506 http://www.world66.com/australian/pacific/niue/economy
509 https://corporate.southpacificislands.travel/niuekulele-is-back-2/
Palau is a non-campus country. Representation of APTC is managed from the RHO with local support for mobilisations and graduations. The Alumni activity is managed from the RHO.

Location: The Republic of Palau lies in the western Pacific Ocean and comprises 340 coral and volcanic islands, eight of which are inhabited. Its major populated islands are Babelthuap (Babeldaob), Koror, Malakal, Arakabesan, and Peleliu. The capital city Melekeok is located on the island of Babelthuap, the largest island.\(^{510,511,512}\)

Population: Palau has a population of 23,431 (July 2017 est). Life expectancy at birth is 73.1 years.\(^{513}\)

Language: Palauan is the main language in most states, however English is also spoken.\(^{514}\)

Literacy rate: 99.6% (2015 est)\(^{515}\)

Religion: Roman Catholic 45.3%, Protestant 34.9% (includes Evangelical 26.4%, Seventh Day Adventist 6.9%, and other Protestant 2.6%), Modekngei 5.7% (indigenous to Palau), Muslim 3%, Mormon 1.5%, and other 9.6%. (2015 est.)\(^{516}\)

Age distribution: 2017 estimates.\(^{517}\)

<table>
<thead>
<tr>
<th>Age</th>
<th>%</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
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</tr>
<tr>
<td>65+</td>
<td>7.67</td>
<td>429</td>
<td>1,208</td>
</tr>
</tbody>
</table>

Political overview: Palau is in a COFA with the United States of America until 2044. It is a constitutional government consisting of the Chief of State (who is also the Head of State), Legislative Branch and the Judiciary. The Australian Embassy in Pohnpei is responsible for Australian affairs in Palau. Presidential elections take place every four years, at the same time as the United States’ presidential election, to select the President and the Vice-President.\(^{519}\) The last general election was held 1 November 2016.\(^{520}\)

Bilateral relations: Australia enjoys a close bilateral relationship with Palau supported by shared regional interests, particularly in ensuring maritime and transnational security, tourism development, the protec-
tion of Palau’s pristine marine environment, and a common interest in supporting economic and human development.521

**Economic overview:** Palau has one of the PICs’ higher standards of living. It has a well-established high-end tourism sector with good potential for expansion, a strong services industry and an active private sector. Palau’s prospects for long-term economic growth are strongly linked to its growing tourism sector, as well as private sector development and careful management of its marine environment.

Fisheries and small-scale agriculture are also important for local employment. Palau faces many development challenges including a small population and the high cost of service delivery due to the levels and cost of imported goods and expertise. The service sector dominates the Palauan economy, contributing more than 50% of GDP and employing more than half of the workforce. The government alone employs nearly 31% of workers and accounts for 20% of GDP.522

Tourism is extremely important to Palau’s economy. Between 2011 and 2016, the number of visitors to Palau averaged 130,000 annually, one of the highest ratios of tourists per capita in the world.523 The peak in 2015 of 161,931 tourists524 was driven by high arrivals from the People’s Republic of China, which was more than half of all arrivals.525 However, in 2016 the numbers slumped by 14.5%.526 Tourism industry stakeholders indicated that the reasons for the downturn are likely to be the drought, declining populations of jellyfish in Jellyfish Lake, and the perception of overcrowding of some tourism sites.527

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525 [Asian Development Outlook 2015 by ADB. (Google books)](https://books.google.com/books?id=1-57JGwC5zEC)
527 [https://docs.wixstatic.com/ugd/b54070_a53a53bf67cc4380af43c4e9737fac97.pdf](https://docs.wixstatic.com/ugd/b54070_a53a53bf67cc4380af43c4e9737fac97.pdf)

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**Figure 78 - Palau Visitor Arrivals (by origin)**520
Proximity to Guam, the region’s major destination for tourists from East Asia, and a regionally competitive tourist infrastructure, enhance Palau’s advantage as a destination. Tourism accounts for close to 85% of Palau’s GDP and while profits are up, there are concerns about the long-term damage from tourism.\textsuperscript{529,530}

Despite a strong desire to shift toward high-end tourism, weak coordination between government bodies and the private sector continues to prevent the emergence of coherent policies and concerted efforts. Palau needs to establish a clear and shared vision toward high-end tourism. On the demand side, growth will be boosted by public and private capital formation.

Fiscal surplus is predicted to reach 5.0% of GDP in FY2018 with an expected recovery in visitor arrivals and a planned increase in the departure tax to be implemented in 2018. The deficit is forecast to increase further in FY2018.\textsuperscript{531}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{gdp_growth.png}
\caption{GDP Growth (\% per year)\textsuperscript{532}}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{economic_forecasts.png}
\caption{Economic forecasts (\%\textsuperscript{533})}
\end{figure}

\textsuperscript{529} http://www.news.com.au/travel/world-travel/pacific/palau-islands-have-been-inundated-with-chinese-tourists/news-story/75a4d19601a930c43129898323c28937

\textsuperscript{530} https://www.cia.gov/library/publications/the-world-factbook/geos/ps.html

\textsuperscript{531} https://www.adb.org/countries/palau/economy

\textsuperscript{532} https://www.adb.org/countries/palau/economy#tabs-0-0

\textsuperscript{533} https://www.adb.org/countries/palau/economy#tabs-0-0
PNG is a campus country. The campus manages local student enquiries, mobilisations and Alumni activities. The APTC PNG campus is located in Port Moresby.

Location: The PNG mainland and its 600 islands have a total area of 463,000 square kilometres and a coastline of 5,152 km. The capital is Port Moresby.534

Population: PNG has a population of approximately 8.1 million (Feb. 2018 est.).535,536 Melanesian, Papuan, Negrito, Micronesian and Polynesian ethnic groups make up the bulk of the population.537

Language: There are over 800 language groups, about 12% of the world’s total. English (the language of government and business), Tok Pisen (Pidgin) and Hiri Motu are the official languages of PNG.538,539

Literacy rate: 64.2% (male 65.6%; female 62.8%, 2015 est.).540

Religion: Predominantly Christian (mostly Roman Catholic 27% and Protestant 69.4%),541 with traditional animism and ancestor worship still found in some places. Many combine their Christian faith with traditional indigenous beliefs and practices.542

Age distribution: 2017 estimates.543

<table>
<thead>
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<th>Female</th>
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<tr>
<td>65+</td>
<td>4.28</td>
<td>148,802</td>
<td>146,921</td>
</tr>
</tbody>
</table>

Figure 81 - Population pyramid544

54% of PNG’s population is 24 years old or younger. This youth bulge is a serious issue that threatened PNG’s future development and stability. A large cohort of young people places immense pressure on already-stretched institutions, creating resource scarcity and institutional ‘bottlenecks’. These bottlenecks are also felt in the health sector, which is already severely under-resources and often lacking in basic medicines.545

Political overview: PNG is a constitutional monarchy with a Prime Minister as its Head of Government. The Head of State is HM Queen Elizabeth II, represented by a Governor-General who is nominated by parliament and serves for a term of six years.546

535 http://countrymeters.info/en/Papua_New_Guinea
545 http://thecommonwealth.org/our-member-countries/papua-new-guinea/constitution-politics
PNG has three levels of government: national, provincial and local. The National Parliament has a 111-member unicameral legislature elected for five-year terms by universal suffrage. The Prime Minister is appointed and dismissed by the Governor-General on the recommendation of the Prime Minister. The National Executive Council, known as the National Executive Council, is appointed by the Governor-General on the recommendation of the Prime Minister. The Supreme Court, National Court, and local and village courts form an independent justice system.547

PNG went to the polls between June and July 2017 for its ninth general election since independence. Despite a record number of women standing, around 5% of the total number of candidates, no women were elected in any of the 111 seats.548

**Bilateral relations:** The bilateral relationship is one of Australia’s most complex and wide-ranging. The current bilateral agenda includes close co-operation on economic, development, security, immigration and people-to-people issues. There is a growing trade and investment relationship.

A strong and wide-ranging defence partnership exists between Australia and PNG for security and stability in the Pacific region and beyond. The bilateral Defence Co-operation Program is Australia’s largest with any country and involves training and technical advice, and a number of regular bilateral exercises.

Australia has made a strong commitment to support PNG’s hosting of APEC in 2018, particularly to assist PNG prepare for the security arrangements. This will involve support from both the Australian Defence Force and the Australian Federal Police.549

Australia will work with PNG to tackle illegal fishing, transnational crime and people smuggling. Ensuring the integrity of the Torres Strait Treaty, the foundation of the border arrangements, remains a priority. 550

Australia works with PNG to encourage economic growth, improve governance and support health and education. Australia is also helping PNG to empower women and foster a new generation of leaders.

Australia will continue to support PNG and the autonomous Bougainville government to implement the 2001 Peace Agreement which underpins peace and stability in Bougainville.551

**Economic overview:** PNG’s economy remains dominated by two sectors: the agricultural, forestry and fishing sector which engages most of the labour force (the majority informally) and the minerals and energy extraction sector, which accounts for the majority of export earnings and GDP.552 PNG has experienced over a decade of comparatively robust economic growth, expanding formal employment opportunities and strong growth in government expenditure and revenues. This economic performance has been driven by high international prices for PNG’s exports (including for agriculture), conservative fiscal policies and more recently, construction activity related to the LNG project. Notwithstanding this favourable environment, PNG continues to confront considerable development challenges.553

Over two million Papua New Guineans are poor and/or face hardship.554 With around 80% to 85% of Papua New Guinean’s residing in traditional rural communities, the majority secure their livelihoods from subsistence gardens and small-scale cash cropping.

The economic growth that PNG reaped in the past decade has not been inclusive, but skewed toward a few of the population, mostly from the urban areas. PNG’s political, security and service delivery functions are sometimes limited and concentrated in the urban areas, and many from the rural areas are being left behind. In addition, critical infrastructures in PNG are prone to damage by natural disasters, such as landslides and floods.555

Australia is working with the PNG government to support the establishment of a sovereign wealth fund to assist with sharing the economic gains of PNG’s resource sector with the people of PNG.556

554 2013 Pacific Regional MDG Tracking Report

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For more information, visit:

Economic growth in PNG is projected in 2018, driven by mining and agricultural output increases as the OK Tedi mine is returned to full capacity and the Ramu nickel mine to almost full capacity. Agricultural output is expected to increase as the production of cash crops returns to levels that existed before the recent El Niño weather disturbances. However, sustained growth in the sector is constrained by inadequate infrastructure and a weak business environment.\textsuperscript{557}

\textsuperscript{559} https://www.adb.org/countries/papua-new-guinea/economy
\textsuperscript{560} https://www.adb.org/countries/papua-new-guinea/economy#tabs-0-0
SAMOA

Samoa is a campus country. The campus manages local student enquiries, mobilisations and Alumni activities. The APTC Samoa campus is located in Apia.

Location: Samoa lies northeast of Fiji and consists of four inhabited and five uninhabited islands. The capital Apia is located on Upolu, the most populous and developed of the islands. Upolu and Savai'i, the other main island, account for 99% of Samoa’s population. On 29 December 2011, Samoa moved the international dateline east and skipped a day to align its time zone more closely with New Zealand and Australia.  

Population: Samoa has a population of 200,108 (2017 est). 

Language: Samoan (Polynesian, official language) and English. 

Literacy rate: 99% - male 99.1%; female 98.8% (2015 est). 

Religion: Protestant 57.4% (Congregationalist 31.8%, Methodist 13.7%, Assembly of God 8%, Seventh-Day Adventist 3.9%), Roman Catholic 19.4%, Mormon 15.2%, Worship Centre 1.7%, other Christian 5.5%, other 0.7%, none 0.1%, unspecified 0.1% (2011 est.).

Age distribution: 2017 estimates. 

<table>
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<td>65+</td>
<td>5.72</td>
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<td>6,466</td>
</tr>
</tbody>
</table>

Figure 85 - Population pyramid

Political overview: Samoa is a stable parliamentary democracy. Its constitution and its political system takes substantial account of Samoan traditions and culture. The National Legislative Assembly is elected by universal suffrage for five-year terms. All 49 seats are reserved for matai, people who have the status of chiefs in Samoa’s villages. The Samoan Cabinet consists of the Prime Minister and 12 Ministers. At Samoa’s most recent election on 4 March 2016, the Human Rights Protection Party (HRPP), which has governed Samoa since 1982, was returned to power.

The March 2016 election was Samoa’s first enacting a constitutional reform reserving five seats, or 10%, of the 49 parliamentary seats for women electoral candidates. If fewer than five existing seats are won by women, additional seats (to a maximum total of 54 seats) will be added to be held by women candidates with the highest number of outright votes. Four women candidates were successful in...
the March election, and a fifth was appointed under the reform legislation, bringing the total number of MPs to 50 in the 16th Parliament of Samoa.570,571

**Bilateral relations:** Samoa and Australia have an enduring and cooperative relationship that extends across political, security, economic and people-to-people links. Australia is the largest destination for Samoan merchandise exports and is Samoa’s fifth largest source of merchandise imports.

Australia’s commitment to development with Samoa is ongoing. In line with Australia’s aid policy and the Strategy for the Development of Samoa, Australia is working with the Samoan government to pursue strategic priorities including economic growth, advancing Samoa’s health and education outcomes, and strengthening governance.572

**Economic overview:** Samoa has a small and developing economy that has generally performed well in recent years. Key domestic sectors are services, tourism and agriculture. Remittances from Samoans working abroad are a key part of the economy, New Zealand, Australia and the United States are the main source of remittances. Foreign development assistance in the form of loans, grants and direct aid is an important component of the economy. Approximately 60% of the population is employed informally and work in subsistence agriculture or local commercial ventures.573

Samoa is reliant on imports and has a large trade deficit. Its indigenous exports consist mainly of fish and agriculture products, but their proportion of GDP has declined in recent decades. Australia is the main destination for Samoan merchandise exports.574

Samoa continues to make progress in achieving its development goals. Poverty has fallen in urban centres, child mortality has been reduced, Samoans are living about 10 years longer on average than 25 years ago, and the government has placed greater emphasis on environmental sustainability. Primary school education is now almost universal for children in Samoa, and gender disparity in both primary and secondary education has been eliminated.575,576

Growth in FY2017 rose higher than ADB’s projection. Data for the first three quarters of the fiscal year show the economy growing by 3.4% year on year as agricultural and non-food manufacturing output exceeded expectations, but growth is said to have slowed in the last quarter. Visitor arrivals declined by 1.2% in the first eight months of the fiscal year. Non-food manufacturing is expected to decline in FY2018, prompting a downward revision to the forecast that now foresees growth slowing by two-thirds.577

TC Gita caused severe damage in the Pacific. It made landfall in Tonga during the night of 12 February 2018 as a Category 4 storm after hitting Samoa on 10 February as a Category 2 storm. Both governments declared a state of emergency. Australia is providing A$155,000 to support debris clearance, aerial surveillance and food assistance for those who have been displaced. Australia will also provide a structural engineer to assist with damage assessments.580

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570 https://www.pacwip.org/country-profiles/samoa/
575 https://www.adb.org/countries/samoa/main
577 https://www.adb.org/countries/samoa/economy
578 https://www.adb.org/countries/samoa/economy
579 https://www.adb.org/countries/samoa/economy#tabs-0-0
SOLOMON ISLANDS

Solomon Islands is a campus country. The campus manages local student enquiries, mobilisations, and Alumni activities. The APTC Solomon Island campus is located in Honiara.

Location: Solomon Islands is an archipelagic state situated in the south-west Pacific Ocean, approximately 2,000 kilometres to the north-east of Australia. Its land mass of 28,400 square kilometres extends over nearly 1,000 islands comprising nine main island groups. The capital, Honiara, is located on Guadalcanal, the largest island.  

Population: 647,581 (July 2017 est.). The population is largely located in rural coastal areas. The median age is 22.2 years and life expectancy at birth is 75.3 years.  

Language: English is the official language, but not widely spoken (1-2% of the population), with Melanesian pidgin spoken by most people. There are 120 indigenous languages.  

Literacy rate: 84.1% (male: 88.9%; female 79.2%).  

Religion: Protestant 73.4% (Church of Melanesia 31.9%, South Sea Evangelical 17.1%, Seventh Day Adventist 11.7%, United Church 10.1%, Christian Fellowship Church 2.5%), Roman Catholic 19.6%, other Christian 2.9%, other 4%, none 0.03%, unspecified 0.1% (2009 est.).  

Age distribution: 2017 estimates.  

Political overview: The unicameral national Parliament comprises 50 members elected for a four-year term under a first-past-the-post voting system. The Prime Minister is elected by a simple majority of members of Parliament. Party structures are fluid, with extensive coalition-building usually required to form a government. In addition to the national government there are nine provincial assemblies, each led by a Premier.  

583 http://www.indexmundi.com/solomon_islands/median_age.html  
The last National General Election was held in 2014. In November, 2017 the former Prime Minister was removed from office by a vote of no confidence.

In 2017, Solomon Islands began to roll out its three year National Anti-Corruption Strategy to reform existing anti-corruption legislation and policy, and add new components to the country’s anti-corruption framework. The strategy is geared towards addressing weaknesses in public administration, the judiciary, law enforcement, the private sector and civil society. However, there appears little appetite for large-scale reforms.

Bilateral relations: Australia has a deep and longstanding relationship with Solomon Islands. Australia is an important economic partner. People-to-people and business links continue to grow steadily and there are estimated to be around 1500 Australians in Solomon Islands, mainly in Honiara.

Australian development assistance to Solomon Islands, through the Solomon Islands–Australia Partnership for Development, focuses on improving health, education, water and sanitation, transport, telecommunications, law and justice, rural livelihoods and effective governance.

Australia maintains close business relations with Solomon Islands. Shipping and air services directly connect Solomon Islands with Australia and one Australian commercial bank (ANZ) operates in Solomon Islands. Several Australian legal and accounting firms are represented directly or in association with local firms.

Australia and Solomon Islands signed a MOU for Solomon Islands’ participation in the Pacific Seasonal Worker Pilot Scheme in December 2011. The Pilot was replaced by the permanent Seasonal Worker Program in July 2012. Under the Program, seasonal horticultural workers from Pacific countries are recruited by horticultural enterprises in Australia to meet their seasonal harvest needs.

Every year around 30 Solomon Islanders study at Australian or regional universities supported by Australian scholarships. With very limited tertiary studies in Solomon Islands, these scholarships are helping the Solomon Islands government to meet the training and human resource development needs of the country.

Solomon Islands Water Authority (SW) 30 Year Strategic Plan 2017 – 2047: The Australian firm Hunter H2O has developed a 30 Year Strategic Plan for SW to ensure the ongoing sustainable development of its urban water and wastewater services throughout the Solomon Islands to at least 2047. Despite recent improvements, there are still some areas without 24/7 water supply and much of urban and industrial areas within the water supply catchments are not sewered, posing a risk to water quality and public health.

The projected population increase over the next 30 years will have a significant impact on current water/wastewater supply and reinforces the need for adequate water and sewer services. The work will be undertaken in phases but the main goal is to ensure Solomon Islands has a stable, healthy and safe urban water and waste water supply for the next 30 years.

To achieve targets set by the 30 Year Strategic Plan, 95% coverage of properties within its service areas and 30% coverage within Honiara to reticulated water supply network, significant investment in new and improved water and sewer infrastructure is required. Institutional capacity is an ongoing challenge for SW and an area that needs attention over the short to medium term. SW also needs significant support to develop the capacity of all staff, including both technical and management positions.

The provision of an improved reticulated water supply system will reduce the burden on women and children who currently undertake water carrying roles, particularly in informal settlements and peri-urban areas.

592 http://devpolicy.org/where-to-now-anti-corruption-reform-solomon-islands-20180202/
595 http://www.solomonfreshbeat.com.sb/solomon-water-unveils-draft-plan-for-the-next-30-years/
596 30 Year Strategic Plan 2017-2047 Summary, Solomon Water
**Economic overview:** Solomon Islands experienced severe economic contraction and stagnation over the period of the ethnic conflict (1998-2003). Since RAMSI was deployed in 2003, Solomon Islands has seen relatively consistent economic growth, however RAMSI concluded on 30 June 2017.597

Economic growth has been broadly steady although it is expected to slow as the short term benefits of its expansionary fiscal policy and unsustainable logging dissipate. A key development challenge for the government is controlling recurrent expenditure amid modest growth in revenues. The economy is based on primary commodities and alternative opportunities to generate income are scarce. Economic growth prospects rest on the private sector and on developments in mining, agriculture, and fishing, with some potential for tourism.998 Infrastructure development and construction in Honiara is improving local business confidence.999

In 2018, logging output is expected to continue to decline, but mining investment and exports are expected to increase, pushing up the growth projection. Construction on the Tina River Hydropower Project should boost investment and growth in 2018.600 While the World Bank representative for Solomon Islands believes the country has significant potential for economic growth,601 as its work in Solomon Islands includes projects in renewable energy, youth employment and training, fisheries and climate and disaster resilience,602 however Solomon Islands remains relatively poor and continues to face serious economic challenges.603

Tourism is an untapped source of economic growth as Solomon Islands is widely considered to have world class tourism potential.604 Steady progress is being made in implementing a national tourism development strategy but significant impediments, notably public safety, the extent and quality of infrastructure outside Honiara, and the acquisition of land for development, remain.

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598 [https://www.adb.org/countries/solomon-islands/main](https://www.adb.org/countries/solomon-islands/main)
599 [https://www.anzbusiness.com/content/anz-superregional/countries/solomon-islands.html#WDAkktR9A](https://www.anzbusiness.com/content/anz-superregional/countries/solomon-islands.html#WDAkktR9A)
600 [https://www.adb.org/countries/solomon-islands/economy](https://www.adb.org/countries/solomon-islands/economy)
606 [https://www.adb.org/countries/solomon-islands/economy](https://www.adb.org/countries/solomon-islands/economy)
607 [https://www.adb.org/countries/solomon-islands/economy#tabs-0-0](https://www.adb.org/countries/solomon-islands/economy#tabs-0-0)
TONGA

Tonga is a non-campus country. Representation of APTC is managed through a partnership with Tonga Business Enterprise Centre who coordinate student enquiries, mobilisations, and graduations. The Alumni activity is managed from the RHO.

Location: The Kingdom of Tonga is the sole constitutional monarchy in the Pacific. It is a Polynesian country comprising of 176 islands, 36 of which are inhabited.608

Population: 106,479 (July 2017 est).609 A large proportion of Tonga’s population is under 25.610

Language: Tongan and English are the spoken languages.611

Literacy rate: 99.4% (males 99.3%; females 99.4%).612

Life expectancy: 76.2 years (males 74.7 years; females 77.8 years).613

Religion: Protestant 64.9%, Mormon 16.8%, Roman Catholic 15.6%, other 1.1%, none 0.03%, unspecified 1.7% (2006 est.).614

Age distribution: 2017 estimates.615

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</tbody>
</table>

Political overview: The Kingdom of Tonga is a constitutional monarchy, making it unique in the Pacific. Its monarchy is over 1,000 years old and its constitution dates back to 1875. King Tupou VI was formally crowned on 4 July 2015, more than three years after ascending to the throne. As Head of State, the King is Commander-in-Chief of the Tonga Defence Services. The King is advised by a Privy Council whose members he appoints.647

Tonga has the advantages of a maturing parliamentary democracy, a relatively well-educated population and a capable public service.618 The most recent election was held in November 2017.619

608 http://www.nationsonline.org/oneworld/tonga.htm
610 http://www.anzbusiness.com/content/anz-superregional/countries/tonga.html#.WDAnukmR9A
614 http://www.indexmundi.com/tonga/religions.html
618 http://www.indexmundi.com/tonga/religions.html
**Bilateral relations:** Australia and Tonga enjoy a close bilateral relationship, supported by the aid program, defence co-operation, development programs and people-to-people links. Australia is Tonga’s largest development partner, followed by New Zealand and Japan.

Australia is an important focus for Tongans seeking education, travel and business opportunities. The largest communities of Tongans in Australia are in Victoria and NSW, with smaller groups in the ACT and Queensland. In August 2008, the Tongan government established a High Commission in Canberra.

The Defence Cooperation Program in Tonga includes the provision of Australian Defence Force advisors, a range of training and capacity building initiatives and support for bilateral and regional exercises. Australia also contributes to the Tonga Police Development Program, a joint undertaking between Tonga, Australia and New Zealand, which aims to build police capacity and service standards.

Tonga was the first country to send workers to Australia under the (then) Pacific Seasonal Worker Pilot Scheme (now the SWP). Tongan workers currently make up almost 60% of SWP participants to date. Australia is one of the largest sources of remittances to Tonga.620

**Economic overview:** Tonga is relatively poor with a small open economy which is vulnerable to external shocks. Tonga’s economy is largely dependent on foreign development assistance and remittances from Tongan communities abroad to offset its trade deficit. Countries such as Australia fund development of its infrastructure, health facilities, defence and vocational training systems.

Agriculture is the leading productive sector, with approximately two-thirds of Tonga’s exports being agricultural products, including fish. Construction and infrastructure projects funded by donor grants and soft loans are sources of growth. Imports cover the full range of consumer and industrial goods. The emerging tourism industry is another major industry and has good potential for expansion. The manufacturing sector is very small. Tonga’s main trading partners are New Zealand, Australia, Fiji, the United States and Japan.

Foreign development assistance in the form of loans, grants and direct aid is an important component of the Tongan economy. Many Tongans live and work overseas, predominantly in the United States of America, Australia and New Zealand and their remittances are the major source of Tonga’s income. Despite its economic difficulties, Tonga has been one of the best performers in the Pacific in terms of progress against the MDG.621,622

Tonga’s medium-term development depends on the continued implementation of structural reforms to improve productivity, remove bottlenecks to growth and strengthen macroeconomic resilience. The medium-term policy goals for the government include maintaining macroeconomic stability, particularly considering high public debt, and improving economic management.

Growth has been further accelerated by construction, notably reconstruction in Ha’apai in the wake of TC Winston in February 2016 and in the run-up to the 2019 South Pacific Games. The initial growth projections for FY2018 were revised higher in response to a stronger rebound in agriculture, enhanced domestic demand, a more vibrant financial sector, and ongoing reconstruction. Further, the government has announced an expansionary FY2018 budget.623 However, the full impact of the TC Gita is yet to be assessed but it is likely to result in ongoing disruption to services and infrastructure and will impact on economic outcomes for Tonga. While there is likely to be increased construction activity as aid is invested in the recovery, it will take some time for the agriculture sector to recover and the loss of tourism is likely to be significant.

621 http://www.anzbusiness.com/content/anz-superregional/countries/tonga.html#WTDaDkMnR9A
623 https://www.adb.org/countries/tonga/economy
TC Gita caused widespread destruction to Tonga on 12 February 2018, being one of the most powerful cyclones recorded in Tonga’s history. It directly affected almost 80% of Tonga’s population and damaged or destroyed around 2,000 homes. Along with damage to property, including the destruction of Tonga’s historic Parliament House and other public buildings, an estimated 80% of the electricity network in the Nuku’alofa area was damaged. Restoration of the electricity network may take more than several weeks to complete.626

Australia is providing up to A$3.5 million in humanitarian assistance to support the response to the crisis in Tonga. The funding is supporting:

- The provision of life-saving supplies including emergency shelter, kitchen and hygiene kits to assist over 2,000 people in need;
- The work of the Tongan government, Red Cross Movement, the Tongan Women and Children’s Crisis Centre and Australian NGOs as they deliver urgent help to affected communities, such as shelter and protection services for women and children;
- An Australian medical expert who participated in a joint assessment of medical needs with officials from New Zealand and the World Health Organisation;
- Four Disaster Assistance Response Team personnel, who deployed to Tonga on 17 February to join a New Zealand-led assessment mission to conduct rapid assessments of the safety of public buildings;
- A team of ten electrical line technicians who deployed on 21 February to assist Tonga Power Limited to restore electricity supply. The team will work with counterparts from New Zealand to restore power to homes, reinstate health and education services, and enable businesses to resume operations; and
- Five large electricity generators, each of which will provide immediate power connections for up to 1000 households.

Australia deployed Australian crisis specialists to work alongside the Tongan government and International partners to coordinate relief and recovery efforts.627

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624 https://www.adb.org/countries/tonga/economy
625 https://www.adb.org/countries/tonga/economy#tabs00
Tuvalu is a non-campus country. Representation of APTC is managed from the RHO with local support for mobilisations and graduations. The Alumni activity is managed from the RHO.

Location: Tuvalu, formerly known as the Ellice Islands, is located midway between Hawaii and Australia in the South Pacific Ocean. It comprises nine islands (four reef islands and five coral atolls), with about half the population living on the atoll of Funafuti, which is its capital. It is one of the world’s smallest independent nations, comprising of nine low-lying coral atolls with a total surface area of 26 square kilometres dispersed over 1.3 million square kilometres of the central Pacific.628

Population: 11,052 (July 2017 est.)629
Life expectancy is 66.5 years (males 64.3, females 68.8)630

Language: Tuvaluan and English are the official languages. Samoan and Kiribati (on the island of Nui) are also spoken.631

Literacy rate: Unknown632

Religion: Protestant 98.4% (Church of Tuvalu (Congregationalist) 97%, Seventh-Day Adventist 1.4%), Baha’i 1%, other 0.6%.633

Age distribution: 2017 estimates.634

<table>
<thead>
<tr>
<th>Age</th>
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<th>Female</th>
</tr>
</thead>
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<td>65+</td>
<td>6.02</td>
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<td>402</td>
</tr>
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</table>

Political overview: Tuvalu became independent from the United Kingdom in October 1978. It is a constitutional monarchy with a 15-member unicameral parliament elected every four years. Cabinet consists of the Prime Minister, elected by a majority of the members of parliament and several ministers. The Prime Minister is the head of government. Politics are relatively low-key in Tuvalu, there are no formal political parties and election campaigns are largely run based on personal/family ties and reputation. MPs have very close links with their island constituencies and effort is directed towards balancing island representation in Cabinet. Her Majesty Queen Elizabeth II is the Head of State and is represented in Tuvalu by a Governor-General.636

629 https://www.cia.gov/library/publications/the-world-factbook/geos/tv.html
630 https://www.cia.gov/library/publications/the-world-factbook/geos/tv.html
632 http://www.phrasebase.com/countries/tuvalu/
635 https://www.cia.gov/library/publications/the-world-factbook/geos/tv.html
The last general election was held in Tuvalu on 31 March 2015.

Bilateral relations: Australia has a longstanding, co-operative relationship with Tuvalu based on shared development and security goals. Australia is Tuvalu’s largest aid donor as Australian aid comprises about 33% of Tuvalu’s total ODA. Australia is committed to strengthening Tuvalu’s economic and environmental resilience development through its aid program.637

Tuvalu also maintains close relations with Fiji, New Zealand, Japan, South Korea, United Kingdom and the EU. It has diplomatic relations with the Republic of China, which maintains the only resident embassy in Tuvalu.638

Economic overview: Most of Tuvalu’s population is involved in subsistence fishing and agriculture. Remittances from seafarers working on overseas vessels are a significant (but declining) source of income for many families. Fishing licences and marketing of Tuvalu’s internet domain name ‘.tv’ contribute to government revenue. The money economy is dominated by government activity.

From 1996 to 2002, Tuvalu was one of the best-performing PICs economies with an average real GDP growth rate of 5.6% per annum, however since 2002 economic growth has slowed. In 2008 Tuvalu was exposed to rapid rises in world prices of fuel and food, and inflation peaked at 13.4%.639

In 1987, the Tuvalu government established a publicly owned investment fund to provide a safety net against fluctuations in government income. The earnings of the Tuvalu Trust Fund are used to help the government finance the gap between its annual budgeted revenue and expenditure. The governments of Australia, New Zealand and the UK have made major contributions to the Tuvalu Trust Fund, with smaller grants coming from Japan and the Republic of Korea. Australia is a member of the Trust Fund Board. Revenue from the Trust Fund has enabled the government to undertake development programs, including upgrading outer island schools and fisheries centres.640

Tuvalu citizens are eligible to apply for migration to Australia under the PLS announced by the Australian Prime Minister in September 2017.

The macroeconomic outlook for Tuvalu remains upbeat. Growth is expected to hold steady at 3% in 2018, supported by stimulus from the implementation of projects funded by development partners, notably one to upgrade maritime infrastructure on outer islands. Spending to expand accommodation capacity ahead of the Pacific Island Leaders Meeting in September 2019 and large government-funded infrastructure projects, including waterfront reclamation and the building of public schools, is also expected to maintain growth into 2018.641

### Table 1: Economic forecasts (%)

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<thead>
<tr>
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<th>2017</th>
<th>2018</th>
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<td>Inflation</td>
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<tr>
<td>Current account balance (% of GDP)</td>
<td>-20.2</td>
<td>-24.4</td>
</tr>
</tbody>
</table>

Figure 96 - GDP Growth (% per year)642

Figure 97 - Economic forecasts (%)641

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641 [https://www.adb.org/countries/tuvalu/economy](https://www.adb.org/countries/tuvalu/economy)

642 [https://www.adb.org/countries/tuvalu/economy#tabs-0-0](https://www.adb.org/countries/tuvalu/economy#tabs-0-0)

Vanuatu is a campus country. The campus manages local student enquiries, mobilisations and Alumni activities. The APTC Vanuatu campus is located in Port Vila.

Location: Vanuatu is an archipelagic nation of 83 islands, extending over 1,000 kilometres in a north–south direction between the equator and the tropic of Capricorn. It lies some 2,000 kilometres to the northeast of Brisbane in the Coral Sea, at similar latitudes to Cairns in North Queensland. Port Vila, on the island of Efate, is the capital of Vanuatu.644

Population: 282,814 (July 2017 est.)645

Language: Official languages are Bislama, English, and French, plus over 100 distinct languages.646

Literacy rate: 85.2% (males 86.6%, females 83.8%)647

Religion: Protestant 70%, Roman Catholic 12.4%, customary beliefs 3.7% (including Jon Frum cargo cult), other 12.6%, none 1.1%, unspecified 0.2% (2009 est).648

Age distribution: 2017 estimates.649

<table>
<thead>
<tr>
<th>Age</th>
<th>Male</th>
<th>Female</th>
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<tbody>
<tr>
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<td>55-64</td>
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<td>7,677</td>
</tr>
<tr>
<td>65+</td>
<td>5,585</td>
<td>5,585</td>
</tr>
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</table>

Political overview: Formerly known as the New Hebrides, Vanuatu was jointly governed by British and French administrations before attaining independence on 30 July 1980.653

Vanuatu is a republic with a non-executive presidency. The President is elected by Parliament together with the Presidents of the regional councils and serves a five-year term. The single-chamber Parliament has 52 members, directly elected every four years by universal adult suffrage with an element of proportional representation. Parliament appoints the Prime Minister from among its members, and the Prime Minister appoints a council of ministers from among the MPs.652

A snap election was held on Friday 22 January 2016 due to parliament’s dissolution at the end 2015. The dissolution resulted in a period of political unrest after the imprisonment of 14 government MPs on conviction of bribery in October 2015.653

652 http://thecommonwealth.org/our-member-countries/vanuatu/constitution-politics
Bilateral relations: Australia has a close relationship with Vanuatu and is an important economic partner, providing the country with the majority of its tourists, foreign direct investment and aid. There is also a significant resident population of Australians (approximately 3,000) living in Vanuatu. Australia and Vanuatu enjoy a very broad range of links at government, business and community levels. Australia has a High Commission in Port Vila and the Vanuatu government established a High Commission in Canberra in March 2012.654

Australia is Vanuatu’s largest development partner. The estimated Australian aid budget for Vanuatu for 2017-18 is A$69.8 million. Australian aid is governed by the Australia–Vanuatu Partnership for Development, which focusses on improving economic governance, infrastructure, education, health, and law and justice. In recent years, Australian aid has helped lift school enrolment rates to 87%; reduce malaria incidence from 7% to 1%; and increase access to counselling and support services for thousands of women and children affected by family and sexual violence.655

The Australian Federal Police provides assistance to the Vanuatu Police Force as part of the Vanuatu Policing and Justice Support Program. Australia also has a Defence Co-operation Program with Vanuatu which was established in 1983.656

Vanuatu is an active participant in the SWP. The Australian government announcement in 2015 to expand the SWP to include the agriculture and accommodation sectors which will benefit ni-Vanuatu.657

Economic overview: Most of Vanuatu’s population lives in rural areas where subsistence farming, fishing and production of cash crops such as kava, coconut and cocoa are the main sources of livelihood. Goods exports are dominated by agricultural products, particularly kava, coconut products, beef and cocoa. Tourism and tourism-related services sectors (wholesale and retail trade, hotels and restaurants, and transport and communication) account for approximately 40% of GDP and one third of people in formal employment. Construction activity is driven by private-sector retail, residential development and several donor-funded construction projects mostly on the island of Efate, particularly in Port Vila.

The economy is recovering after several shocks over the past 2 years, not least a devastating TC Pam in 2015 with real GDP declining in 2015. Growth of around 4.3 per cent in 2017 was driven by ongoing recovery in tourism and agriculture, cyclone reconstruction and new infrastructure investment. Growth is projected to slow slightly to 3.8% in 2018. This is driven by ongoing recovery in tourism and agriculture, cyclone reconstruction and new infrastructure investment. However, the improved outlook faces risks from rising public debt and a legacy of policy inaction in key areas.658 Reform is needed to improve infrastructure management and enhance productivity for faster and more sustainable growth.

In January 2017, the government released its new national strategic development plan, Vanuatu 2030: The People’s Plan, for a “stable, sustainable, and prosperous Vanuatu”. Economic growth that is higher yet sustainable, will be critical to delivering on the ambitions of Vanuatu 2030.659 The government announced increases in the rate of the Value Added Tax (from 12.5% to 15%) and the minimum wage (from VT 170 per hour to VT 200 (A$2.40) per hour) to take effect from 1 January 2018.660

-2017 and 2018 are forecasts

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth (% per year)</th>
<th>Inflation</th>
<th>Current account balance (% of GDP)</th>
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</thead>
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<td>2015</td>
<td>1.6</td>
<td>3.3</td>
<td>-9.5</td>
</tr>
<tr>
<td>2016</td>
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<tr>
<td>2017*</td>
<td>4.5</td>
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<tr>
<td>2018*</td>
<td>4.0</td>
<td></td>
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*2017 and 2018 are forecasts

Figure 99 - GDP Growth (% per year)661

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth</th>
<th>Inflation</th>
<th>Current account balance (% of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4.5</td>
<td>2.8</td>
<td>-10.0</td>
</tr>
<tr>
<td>2018</td>
<td>4.0</td>
<td>3.3</td>
<td>-9.5</td>
</tr>
</tbody>
</table>

Figure 100 - Economic forecasts (%)662

658 https://www.adb.org/countries/vanuatu/economy
661 https://www.adb.org/countries/vanuatu/economy#tabs-0-0
662 https://www.adb.org/countries/vanuatu/economy#tabs-0-0
Improving access to reliable and renewable energy through new infrastructure and technical assistance.

Identify and support greater private-sector participation in the energy sector.

Strengthen sector planning and asset management to improve service quality and efficiency.

**RENEWABLE ENERGY (FLAGSHIP)**
- Expand access to affordable, reliable, and clean energy.
- Increase economic and food security benefits from agriculture.
- Promote market-led agriculture by strengthening value chains.
- Improve market access through better biosecurity and food safety systems.
- Build resilience and tackle food security and nutritional challenges.

**AGRICULTURE (FLAGSHIP)**
- Increase economic and food security benefits from agriculture.

**INFORMATION & COMMUNICATION TECHNOLOGY**
- Expand ICT connectivity, access, and use in the Pacific.
- Improve access to affordable, high-quality, internet and telecommunications services.
- Increase the use of ICT to deliver government services such as education and health.
- Strengthen the online presence of the private sector in the Pacific and increase the availability of ICT tools for small and medium enterprises (SMEs).
- Build ICT skills and capability through school curricula, vocational training, and digital literacy training.

**ECONOMIC GOVERNANCE**
- Strengthen economic governance in the Pacific.
- Help Pacific partner countries identify and implement their policy reform priorities through incentive-linked financial support and technical assistance.
- Strengthen the capability of the public sector to deliver high-quality services.

**LAW & JUSTICE**
- Strengthen law and justice systems in the Pacific.
- By strengthening policing, corrections, and border management, and preventing violence against women.
- Strengthen democratic and national integrity systems.
- Improve access to justice by strengthening court systems and legal representation.

**HEALTH**
- Improve the health of people in the Pacific.
- Reduce the impact of non-communicable diseases (NCDs) by reducing risk factors and increasing access to secondary NCD drugs, technology, and specialist services.
- Enhance maternal health by improving access to modern contraception, reproductive health services, and better nutrition for pregnant women.
- Improve child health by increasing access to routine immunisation, life-saving vaccines, and better nutrition.
- Increase reliable access to clean water and sanitation services.

**FISHERIES**
- Increase economic and food security benefits from sustainable fisheries and aquaculture in the Pacific.
- Strengthen governance, transparency, stakeholder engagement, and rights-based management of fisheries at local, national, and regional levels.
- Enhance skills and capability to enforce fishing rules, monitor fishing, and assess the health of fish stocks.
- Support the development of proven aquaculture food-production technologies.

**TOURISM**
- Increase economic benefits from tourism in the Pacific.
- Grow demand for tourism by improving infrastructure and marketing and product development.
- Increase local value from tourism by strengthening skills and capability and linking local businesses and communities with tourism markets.

**TRADE & LABOUR MOBILITY**
- Increase economic benefits from trade and labour mobility in the Pacific.
- Improve trade facilitation and market access with implementation assistance for Pacific Agreement on Closer Economic Relations (PACER) Plus, and support to improve biosecurity and customs systems.
- Improve the capability of SMEs to trade, obtain finance, and supply markets.
- Increase the development benefits of labour mobility.
- Enhance reliable transport links for people and goods by improving aviation and maritime safety and infrastructure.

**EDUCATION**
- Improve knowledge, skills, and basic education.
- Increase literacy and numeracy by improving attendance, teaching methods, leadership, and management, and the use of assessment information.
- Strengthen the provision of education in the Asia-Pacific region.
- Provide scholarships and vocational training to support economic opportunities and in response to skills shortages.

**RESILIENCE**
- Strengthen resilience.
- Improve the preparedness of Pacific and ASEAN partners to manage and recover from disasters.
- Invest in targeted disaster risk reduction and climate change adaptation initiatives.
- Mainstream disaster risk reduction and climate change adaptation measures across our aid investment portfolio.

**HUMANITARIAN RESPONSE**
- Respond to humanitarian emergencies.
- Respond to requests for assistance in the Pacific and contribute to responses to larger-scale emergencies elsewhere.
- Invest in New Zealand’s capability for offshore responses.
- Support economic recovery from emergencies in our region.

NEW ZEALAND’S 12 INVESTMENT PRIORITIES663

APPENDIX A

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[663](https://www.mfat.govt.nz/assets/Aid-Prog-docs/New-Zealand-Aid-Programme-Strategic-Plan-2015-19.pdf)
# APPENDIX B

## SKILLED OCCUPATIONS LIST, AUSTRALIA

**Updated 17/1/2018**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>ANZSCO Code</th>
<th>List Type</th>
<th>Assessing Authority</th>
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</thead>
<tbody>
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<td>TRA</td>
</tr>
<tr>
<td>Snowsport Instructor</td>
<td>452314</td>
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<td>VETASSESS</td>
</tr>
<tr>
<td>Social Professionals (nec)</td>
<td>272499</td>
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<td>VETASSESS</td>
</tr>
<tr>
<td>Social Worker</td>
<td>272511</td>
<td>MLTSSL</td>
<td>AASW</td>
</tr>
<tr>
<td>Software &amp; Applications Programmers (nec)</td>
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<td>MLTSSL</td>
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</tr>
<tr>
<td>Software Engineer</td>
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<td>STSOL</td>
<td>ACS</td>
</tr>
<tr>
<td>Solicitor</td>
<td>271311</td>
<td>MLTSSL</td>
<td>a legal admissions authority of a State or Territory</td>
</tr>
<tr>
<td>Solid Plasterer</td>
<td>333212</td>
<td>MLTSSL</td>
<td>TRA</td>
</tr>
<tr>
<td>Sonographer</td>
<td>251214</td>
<td>MLTSSL</td>
<td>ASMRT</td>
</tr>
<tr>
<td>Sound Technician</td>
<td>399516</td>
<td>STSOL</td>
<td>TRA</td>
</tr>
<tr>
<td>Special Education Teachers (nec)</td>
<td>241599</td>
<td>MLTSSL</td>
<td>AITSL</td>
</tr>
<tr>
<td>Special Needs Teacher</td>
<td>241511</td>
<td>MLTSSL</td>
<td>AITSL</td>
</tr>
<tr>
<td>Specialist Managers (nec) except:</td>
<td>139999</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Ambassador</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Archbishop</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bishop</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist Physician (General Medicine)</td>
<td>253311</td>
<td>MLTSSL</td>
<td>Medical Board of Australia</td>
</tr>
<tr>
<td>Specialist Physicians (nec)</td>
<td>253399</td>
<td>MLTSSL</td>
<td>Medical Board of Australia</td>
</tr>
<tr>
<td>Speech Pathologist</td>
<td>252712</td>
<td>MLTSSL</td>
<td>SPA</td>
</tr>
<tr>
<td>Sports Centre Manager***</td>
<td>149113</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Sports Development Officer</td>
<td>452321</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Sportspersons (nec)</td>
<td>452499</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Stage Manager</td>
<td>212316</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Statistician</td>
<td>224113</td>
<td>MLTSSL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Stockbroking Dealer</td>
<td>222213</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Stonemason</td>
<td>331112</td>
<td>MLTSSL</td>
<td>TRA</td>
</tr>
<tr>
<td>Structural Engineer</td>
<td>233214</td>
<td>STSOL</td>
<td>Engineers Australia</td>
</tr>
<tr>
<td>Student Counsellor</td>
<td>272115</td>
<td>STSOL</td>
<td>VETASSESS</td>
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<tr>
<td>Occupation</td>
<td>ANZSCO Code</td>
<td>List Type</td>
<td>Assessing Authority</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>-------------</td>
<td>-----------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Sugar Cane Grower***</td>
<td>121217</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Supply and Distribution Manager****</td>
<td>133611</td>
<td>STSOL</td>
<td>AIM</td>
</tr>
<tr>
<td>Surgeon (General)</td>
<td>232212</td>
<td>MLTSSL</td>
<td>SSSI</td>
</tr>
<tr>
<td>Swimming Coach or Instructor</td>
<td>452315</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Systems Administrator</td>
<td>262113</td>
<td>STSOL</td>
<td>ACS</td>
</tr>
<tr>
<td>Systems Analyst</td>
<td>261112</td>
<td>MLTSSL</td>
<td>ACS</td>
</tr>
<tr>
<td>Taxation Accountant***</td>
<td>221113</td>
<td>MLTSSL</td>
<td>CPAA/ IPA/CAANZ</td>
</tr>
<tr>
<td>Teacher of English to Speakers of Other Languages</td>
<td>249311</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Teacher of the Hearing Impaired</td>
<td>241512</td>
<td>MLTSSL</td>
<td>AITSL</td>
</tr>
<tr>
<td>Teacher of the Sight Impaired</td>
<td>241513</td>
<td>MLTSSL</td>
<td>AITSL</td>
</tr>
<tr>
<td>Technical Cable Jointer</td>
<td>342212</td>
<td>MLTSSL</td>
<td>TRA</td>
</tr>
<tr>
<td>Technical Director</td>
<td>212317</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Technical Sales Representatives (nec) including, but not limited to,</td>
<td>225499</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Education Sales Representatives***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Writer</td>
<td>212415</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Telecommunications Engineer</td>
<td>263311</td>
<td>MLTSSL</td>
<td>Engineers Australia</td>
</tr>
<tr>
<td>Telecommunications Field Engineer</td>
<td>313212</td>
<td>MLTSSL</td>
<td>Engineers Australia</td>
</tr>
<tr>
<td>Telecommunications Linesworker</td>
<td>342413</td>
<td>STSOL</td>
<td>TRA</td>
</tr>
<tr>
<td>Telecommunications Network Engineer</td>
<td>263312</td>
<td>MLTSSL</td>
<td>Engineers Australia</td>
</tr>
<tr>
<td>Telecommunications Technical Officer or Technologist</td>
<td>313214</td>
<td>MLTSSL</td>
<td>Engineers Australia</td>
</tr>
<tr>
<td>Television Journalist</td>
<td>212416</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Tennis Coach</td>
<td>452316</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Textile, Clothing &amp; Footwear Mechanic</td>
<td>323215</td>
<td>STSOL</td>
<td>TRA</td>
</tr>
<tr>
<td>Thoracic Medicine Specialist</td>
<td>253324</td>
<td>MLTSSL</td>
<td>Medical Board of Australia</td>
</tr>
<tr>
<td>Toolmaker</td>
<td>323412</td>
<td>STSOL</td>
<td>TRA</td>
</tr>
<tr>
<td>Traditional Chinese Medicine Practitioner</td>
<td>252214</td>
<td>STSOL</td>
<td>Chinese Medicine Board Of Australia</td>
</tr>
<tr>
<td>Transport Company Manager***</td>
<td>149413</td>
<td>STSOL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>Transport Engineer</td>
<td>233215</td>
<td>MLTSSL</td>
<td>Engineers Australia</td>
</tr>
<tr>
<td>University Lecturer (Suitable for the position of Research Associate</td>
<td>242111</td>
<td>MLTSSL</td>
<td>VETASSESS</td>
</tr>
<tr>
<td>or Research Fellow in a University)***</td>
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<td></td>
</tr>
</tbody>
</table>
ANZSCO is the Australian and New Zealand Standard Classification of Occupations published by the Australian Bureau of Statistics and current as at 1 July 2013.

nec indicates “not elsewhere classified”.

*** indicates that the occupation excludes positions in fast food or takeaway food service.

^ excludes any of the following positions:
- that have a nominated base salary of less than AUD$65,000
- with businesses that have fewer than five employees
- with businesses that have an annual turnover of less than AUD$1M
- which are not located in regional Australia

^^ excludes positions that:
- predominantly involve low skilled tasks (e.g. fruit picking or packing, feeding of livestock or animals); or
- are not located in regional Australia

^^^ Excludes positions in businesses that:
- have an annual turnover of less than AUD$1M
- in businesses that have fewer than five employees; or
- have a nominated base salary of less than AUD$90,000.


The acronyms used to refer to an Assessing Authority mean:

- AACA: Architects Accreditation Council of Australia Inc
- AASW: Australian Association of Social Workers
- ACOPRA/APC: Australian Council of Physiotherapy Regulating Authorities Ltd/Australian Physiotherapy Council
- ACPSEM: Australasian College of Physical Scientist and Engineers in Medicine
- ACS: Australian Computer Society
- ACWA: Australian Community Workers Association
- ADC: Australian Dental Council
- AIM: Australian Institute of Management
- AIMS: Australian Institute of Medical Scientists
- AIQS: Australian Institute of Quantity Surveyors
- AIR: Australian Institute of Radiography
-AITSL: Australian Institute for Teaching and School Leadership
- AMSA: Australian Maritime Safety Authority
- ANMAC: Australian Nursing and Midwifery Accreditation Council
- ANZOC: Australian and New Zealand Osteopathic Council (name changed to Australasian Osteopathic Accreditation Council)
- ANZSNM: Australian and New Zealand Society of Nuclear Medicine
- AphamC: Australian Pharmacy Council
- APodC/ANZPAC: Australasian Podiatry Council/Australian and New Zealand Podiatry Accreditation Council Inc.
- APS: Australian Psychological Society
- AVBC: Australasian Veterinary Boards Council Inc.
- CASA: Civil Aviation Safety Authority
- CCEA: Council on Chiropractic Education Australasia Inc.
- CPAA: Certified Practising Accountants Australia
- DAA: Dietitians Association of Australia
- EngineersAustralia: Institution of Engineers, Australia
- CA: Chartered Accountants Australia and New Zealand
- IPA: Institute of Public Accountants
- NAATI: National Accreditation Authority for Translators and Interpreters
- OCANZ: Optometry Council of Australia and New Zealand
- OTC: Occupational Therapy Council
- SLAA: State Legal Admission Authority
- SPA: Speech Pathology Association of Australia
- SSSI: Surveying and Spatial Sciences Institute
- TRA: Trades Recognition Australia
- VETASSESS: Vocational Education and Training Assessment Services

# APPENDIX C

LIST OF FLAGGED OCCUPATIONS ON THE MLTSSL

<table>
<thead>
<tr>
<th>ANZSCO Code</th>
<th>Occupation</th>
<th>ANZSCO Code</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>134211</td>
<td>Medical Administrator</td>
<td>253111</td>
<td>General Practitioner</td>
</tr>
<tr>
<td>221111</td>
<td>Accountant (General)</td>
<td>253311</td>
<td>Specialist Physician (General Medicine)</td>
</tr>
<tr>
<td>221112</td>
<td>Management Accountant</td>
<td>253312</td>
<td>Cardiologist</td>
</tr>
<tr>
<td>221113</td>
<td>Taxation Accountant</td>
<td>253313</td>
<td>Clinical Haematologist</td>
</tr>
<tr>
<td>224111</td>
<td>Actuary</td>
<td>253314</td>
<td>Medical Oncologist</td>
</tr>
<tr>
<td>224511</td>
<td>Land Economist</td>
<td>253315</td>
<td>Endocrinologist</td>
</tr>
<tr>
<td>224512</td>
<td>Valuer</td>
<td>253316</td>
<td>Gastroenterologist</td>
</tr>
<tr>
<td>232213</td>
<td>Cartographer</td>
<td>253317</td>
<td>Intensive Care Specialist</td>
</tr>
<tr>
<td>232214</td>
<td>Other Spatial Scientist</td>
<td>253318</td>
<td>Neurologist</td>
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<tr>
<td>233111</td>
<td>Chemical Engineer</td>
<td>253321</td>
<td>Paediatrician</td>
</tr>
<tr>
<td>233211</td>
<td>Civil Engineer</td>
<td>253322</td>
<td>Renal Medicine Specialist</td>
</tr>
<tr>
<td>233212</td>
<td>Geotechnical Engineer</td>
<td>253323</td>
<td>Rheumatologist</td>
</tr>
<tr>
<td>233213</td>
<td>Quantity Surveyor</td>
<td>253324</td>
<td>Thoracic Medicine Specialist</td>
</tr>
<tr>
<td>233214</td>
<td>Structural Engineer</td>
<td>253399</td>
<td>Specialist Physicians (nec)</td>
</tr>
<tr>
<td>233215</td>
<td>Transport Engineer</td>
<td>253912</td>
<td>Emergency Medicine Specialist</td>
</tr>
<tr>
<td>233411</td>
<td>Electronics Engineer</td>
<td>253913</td>
<td>Obstetrician and Gynaecologist</td>
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<tr>
<td>233511</td>
<td>Industrial Engineer</td>
<td>253999</td>
<td>Medical Practitioners (nec)</td>
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<tr>
<td>233512</td>
<td>Mechanical Engineer</td>
<td>271111</td>
<td>Barrister</td>
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<tr>
<td>233513</td>
<td>Production or Plant Engineer</td>
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<td>Solicitor</td>
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<tr>
<td>233911</td>
<td>Aeronautical Engineer</td>
<td>272399</td>
<td>Psychologists (nec)</td>
</tr>
<tr>
<td>233912</td>
<td>Agricultural Engineer</td>
<td>342211</td>
<td>Electrical Linesworker</td>
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<td>233913</td>
<td>Biomedical Engineer</td>
<td>399111</td>
<td>Boat Builder and Repairer</td>
</tr>
<tr>
<td>233914</td>
<td>Engineering Technologist</td>
<td>399112</td>
<td>Shipwright</td>
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<td>Environmental Engineer</td>
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<td></td>
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<tr>
<td>233916</td>
<td>Naval Architect</td>
<td></td>
<td></td>
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<tr>
<td>234611</td>
<td>Medical Laboratory Scientist</td>
<td></td>
<td></td>
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<tr>
<td>234711</td>
<td>Veterinarian</td>
<td></td>
<td></td>
</tr>
<tr>
<td>251211</td>
<td>Medical Diagnostic Radiographer</td>
<td></td>
<td></td>
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<tr>
<td>251212</td>
<td>Medical Radiation Therapist</td>
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<td></td>
</tr>
<tr>
<td>251411</td>
<td>Optometrist</td>
<td></td>
<td></td>
</tr>
<tr>
<td>252111</td>
<td>Chiropractor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>252411</td>
<td>Occupational Therapist</td>
<td></td>
<td></td>
</tr>
<tr>
<td>262611</td>
<td>Podiatrist</td>
<td></td>
<td></td>
</tr>
<tr>
<td>252712</td>
<td>Speech Pathologist</td>
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<td></td>
</tr>
</tbody>
</table>

APPENDIX D

SOUTH PACIFIC MAP

http://countryoffice.unfpa.org/pacific/drive/web___140414_UNFPAPopulationandDevelopmentProfiles-PacificSub-RegionExtendedv1LRv2.pdf
## APPENDIX E

### FORMS OF REGIONALISM

<table>
<thead>
<tr>
<th>Regional collective action</th>
<th>To achieve:</th>
<th>By:</th>
<th>Requiring:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordination</td>
<td>Open consultation and access to information; and coordinated application of</td>
<td>Establishing and managing agreed processes that facilitate regional</td>
<td>Voluntary consultations and agreements; possible resource sharing.</td>
</tr>
<tr>
<td></td>
<td>shared, best-practice norms and standards.</td>
<td>dialogue and access to (and use of) information.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperation</td>
<td>An effective and strengthened voice in protecting and sustainably harnessing</td>
<td>Developing and committing to coordinated regional or sub-regional</td>
<td>Voluntary agreement to modes of regional co-operation; services are mainly funded and delivered</td>
</tr>
<tr>
<td></td>
<td>the region’s physical, social and cultural assets for the benefit of all.</td>
<td>policies and strategies.</td>
<td>nationally.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>Achievement of economies of scale and equitable benefits that cannot be</td>
<td>Delivering regional public goods and pooled services.</td>
<td>Voluntary agreement to modes of regional collaboration; national governments are freed from daily</td>
</tr>
<tr>
<td></td>
<td>achieved nationally.</td>
<td></td>
<td>management of these priorities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harmonisation</td>
<td>Achievement of shared institutional and/or legal objectives.</td>
<td>Entering into specific regional or sub-regional commitments to common</td>
<td>Legally binding arrangements, including commitment to national resource allocation; each country</td>
</tr>
<tr>
<td></td>
<td></td>
<td>policies, regulations, standards and/or processes.</td>
<td>free to amend their internal laws / requirements to meet the shared regional objectives.</td>
</tr>
<tr>
<td>Economic integration</td>
<td>Greater economic prosperity founded on regional economic integration and</td>
<td>Lowering physical and technical market barriers to enable freer</td>
<td>Legally binding arrangements, including commitment to national resource allocation; each country</td>
</tr>
<tr>
<td></td>
<td>sustainability and the equitable distribution of benefits and costs.</td>
<td>movement of people and goods within and among countries.</td>
<td>free to amend their internal laws / requirements to meet the shared regional objectives.</td>
</tr>
<tr>
<td>Administrative/legal/institutional integration</td>
<td>A secure and well governed Pacific region pledged to upholding regional values.</td>
<td>Agreeing to common rules, standards and institutions to foster and</td>
<td>Legally binding arrangements, including commitment to national resource allocation and to operating</td>
</tr>
<tr>
<td></td>
<td></td>
<td>sustain integration.</td>
<td>within regionally mandated requirements.</td>
</tr>
</tbody>
</table>

Figure 101 - The Framework for Pacific Regionalism

APPENDIX F

Aft PROGRAM LOGIC

**Objectives**—Improve developing countries’ ability to participate in the global trading system; expand their trade and investment; foster entrepreneurship and business growth; increase productivity in priority economic sectors; diversify economic activity and, empower women.

**Outputs** vary and are specific to the investment activity. e.g. number of officials trained in trade policy, regulations introduced, access to multilateral agreements, development of trade strategies, km of roads constructed/restored/mainained, number of businesses assisted with exporting, opening of new export markets, recognition of standards or certifications, individuals enrolled in TVET, increased access to financial services, private sector investments leveraged, etc.

**Australian Aid Investments**
- Technical assistance for trade policy and regulations
  - trade facilitation or customs reform
  - regulatory reform
  - intellectual property systems
  - trade in services
  - sanitary and phytosanitary measures
  - labour mobility
  - trade and investment promotion
  - trade agreement negotiation
  - regional integration
  - commercial trade laws and investment rules

- Economic infrastructure
  - roads
  - ports
  - rail
  - aviation
  - urban planning
  - storage
  - energy
  - ICT

- Other
  - public private dialogue
  - access to finance
  - work safety and employment conditions
  - mainstreaming trade into national development strategies

**Outputs**
- Increased in trade
- Increased in foreign and domestic investment
- Business growth (e.g. higher trade, production)
- Increased in number of businesses
- Adoption of global standards
- Take up of new technologies
- Access to the WTO and other agreements
- Increased access to affordable goods
- A skilled and mobile workforce
- Increased revenue to government
- Increased market access
- Increased income, inc. women in business
- Increased productivity

**Economy wide investments**

**Business/Sector investments**

Figure 102 - Strategy for Australia’s Aid for Trade Investment - supporting developing countries to trade and prosper

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WEBLINKS
http://aiddata.org/china
http://countrymeters.info/en/Papua_New_Guinea
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