



Pacific Institute  
of Public Policy

Annual  
Report

12



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

The Pacific Institute of Public Policy  
(PIPP) is a not-for-profit, independent  
think tank registered under the Vanuatu  
Charitable Associations (Incorporation) Act  
(Registered No. 34243)

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



## A note from the Chair

The 'great game' for the control of our region's resources has begun in earnest. Whilst many had sounded the alarm on this (including PiPP) it is now too late for warnings.

Many people quietly fear how a small, isolated, culturally dispersed region will cope with this onslaught. Or will they merely be brushed aside, as in the past, as the big players battle each other and simply ignore the indigenous people?

How can this region possibly cope with threats to every aspect of their existence from countries the size of China, USA and Russia? Will Australia be the protective big brother; will the Pacific Plan somehow galvanise the region to deal with these issues in a coordinated and coherent fashion, will the world listen to the pleas of our people in forums like the United Nations? The answer to all of these questions, as we all know, is no – we are ultimately on our own.

And therein lies possibly the greatest weakness and also the greatest strength of the Pacific. Our region is based on thousands of years of migration, of people surviving in small isolated units against the fiercest challenges thrown up by nature and humanity. The people of this great region have survived because, despite the enormous odds, they have protected and where necessary adapted their customs, culture and environment. The bigger nations may be able to appropriate lands, cajole politicians into giving away economic resources, but as long as even one traditional song still exists then the people of the Pacific will not have been defeated.

If we can preserve the songs, the languages, the beliefs, and the values of our people – if we can survive culturally then we can rebuild. This current phase in time will pass like the great winds that carry hurricanes across our oceans. They may destroy our economic resources but the real gem is not what is on our land or in our seas, but what is in our hearts and souls. The fight for environmental, social and economic protection will be a long and difficult one and one in which the region will find it hard to not be thoroughly defeated. The many valiant battles on all of these issues have already begun. This makes the need for cultural protection all the more pressing. When the storm passes, the region may or may not have its natural resources intact – for this it has little control over. However, if we can come out of the storm with our customs and culture we will have again overcome the greatest of challenges set by man and nature.

Once again I thank the work of PiPP, in the darkness of the storm it remains one of the many small beacons of light that are able to shine a positive light into the future.

**Nikunj Soni**  
Board Chair

# 2012 - a year in review

## Elections and politics

In 2012, six Pacific countries went to the polls amidst growing calls for electoral and political reform. In Vanuatu, Sato Kilman returned as prime minister, leading a patchwork coalition. In Tonga, a protracted motion of no confidence in Prime Minister Tu'ivakano took over three months to be resolved. Papua New Guinea's parliament was dissolved in late May with hopes of a resolution of the months of political and legal wrangling. In all, 46 parties fielded 3,435 candidates to contest the 111 seats in an election marked by irregularities and reports of large financial payouts. Voters in Palau rejected incumbent president, Johnson Toribiong, over corruption allegations. Across the region results for women candidates were discouraging. Trailblazers such as Dame Carol Kidu retired from PNG politics, and only 3 women (out of 115 female candidates) were newly elected. Women currently make up around 5 per cent of parliamentarians across the Pacific.

Around the region we provided informed commentary on the major political events and elections for both domestic and international audiences. The rise of social media was the subject of widespread commentary, especially in the run-up to the PNG elections. Its impact was noticeable, but decidedly mixed. The O'Neill government came under fire for 'monitoring' text messages, emails and comments posted on Facebook. The role of new and old media in strengthening political governance is something that we continue to take a keen interest in, and has brought us to work closely with the Pacific Media Assistance Scheme (PACMAS) and media outlets across the region.

There is an emerging global understanding of the political and governance issues that affect state building, particularly where patronage has so long dominated the political landscape. PiPP has an established methodology of engaging political actors in the discussion and actions around strengthening civic engagement. This year we capitalised on Vanuatu's new national information communications technology (ICT) network to present a landmark public forum that brought Vanuatu's prime minister and leader of the opposition face to face with the nation. Throughout the year, our MP Face to Face series brought parliamentarians and their constituents together to build stronger issues based relationships and foster informed policy dialogues. We also worked alongside all major parties contesting the elections to produce an analysis of the major policy platforms of each political grouping, which was published in the national press in the lead up to the election. Our work in Vanuatu culminated in a joint pilot project with the Overseas Development Institute (ODI) to test the use of Sensemaker™ software to collect citizen voices and then show political actors the patterns of need across the nation, and facilitate discussions about what these stories mean in terms of what the state can – and should – provide to its citizens. The analysis of the citizen engagement survey will be published in the first half of 2013, and will inform our future work in this area. While we have used Vanuatu as a test-bed, there is much interest and potential to apply the learning from these civic engagement programmes elsewhere in the region.





## Geopolitics and security

The PNG constitutional crisis, which had everyone on edge for six months, and some small-scale disturbances in Solomon Islands were blights on a largely benign Pacific security landscape. Fiji remains under a military government, but progress was made towards a new constitution and planned elections in 2014. West Papua continued to be the most serious conflict zone in the region, with ongoing reports of killings, torture and abuse by Indonesian security forces. The RAMSI mission in the Solomon Islands announced it was starting to withdraw, leaving its ten year peacekeeping mission in the hands of police.

2012 was also the year when global powers signalled a re-found understanding of the strategic importance of Pacific island states. Beyond the rhetoric, some strong symbolism was on display. For the first time a US secretary of state attended the Pacific Islands Forum, as the US recommitted the bulk of its warships into the Pacific theatre. Russia hosted the APEC summit in Vladivostok and declared that it too is a Pacific power. China continued to exert strong influence through its expanding diplomatic presence and aid program. Traditional powers like Australia and New Zealand continue to be influential, but their influence is under challenge. This year's Pacific Debate gathered some of the region's key strategic thinkers, and explored island allegiances and foreign policy in the changing geopolitical landscape. The Pacific Debate was broadcast to an international and regional television audience.

As part of our ongoing informed analysis of the geopolitical and security situation, in 2012 PiPP published a discussion paper, *Patriot Games - Island voices in a sea of contest*, to provide a Pacific perspective on what is being projected onto our islands by the significant powers at play in our region: Australia, United States, China, France, EU, Russia, Indonesia, Taiwan and Japan.

## A future without aid?

Melanesia led the way in economic growth in the Pacific, with PNG, Solomon Islands and Vanuatu all doing well in terms of expanding their economies, but continued to struggle to translate economic growth into substantial development gains. Commentators in PNG spoke of a lost decade, and the head of the country's anti corruption body described Australia as the 'Cayman Islands' for PNG, suggesting Australian authorities weren't doing enough to stop the laundering of corrupt proceeds and aggressive tax avoidance and evasion by multinationals. The World Bank's *Pacific Futures* report spoke what was once the unspeakable, with acknowledgement that some Pacific micro states might simply never be viable without ongoing aid programmes. Labour mobility continued to be a hot topic, and the Australian pilot seasonal worker programme became permanent in July, 2012. Unfortunately, numbers have remained low with a cap of 2,600 Pacific island workers a year. The equivalent New Zealand scheme continues to do much better, taking about 7,000 workers a year. Analysis by The Development Policy Centre pointed to conflicting government policies in Australia, which give backpackers an incentive to work on farms, and the prevalence of illegal labour as the underlying reasons for the poor performance of the Australian scheme. The two major donors to the Pacific, Australia and New Zealand, pushed back their targets for increasing aid budgets, while China and the US used aid to demonstrate their renewed interest in the region. Significantly, China provided PNG with a USD 5 billion loan to upgrade the Highlands Highway and other infrastructure. PiPP continues to track economic progress and the aid relationship in the Pacific, and in 2013 will commence a partnership with UNICEF to undertake detailed and accessible budget analysis to spark wider debate and understanding as to how our governments prioritise the spending of public resources.

## Regional integration

Regional trade negotiations dragged on in 2012. Talks on the Pacific Agreement for Closer Economic Relations (PACER Plus) continued without any notable progress. Pacific countries extended the date for concluding the drawn out negotiations on the Economic Partnership Agreements (EPAs) with the European Union. Negotiations on the existing Pacific Islands Countries Trade Agreement (PICTA) between Pacific countries had more success, with PICTA expanding to include the liberalisation of the service sector. The Melanesian Spearhead Group (MSG) illustrated the relative strength of sub-regionalism, with significant advancements in the trade in goods, skills exchange and investment between Fiji, Solomon Islands, PNG and Vanuatu. Some Pacific countries also continued bilateral negotiations, including Niue's attempt to forge a free trade agreement with China.

2012 also brought about increased scrutiny on regionalism, with the Pacific Islands Forum Secretariat again coming under the microscope following a review questioning its relevance and ownership. The criticisms came amidst calls to reconfigure regional architecture to better reflect the reality of contemporary Pacific politics and priorities and the increasing appreciation of geographical and interest based sub-regional gatherings. The *Pacific Plan* will undergo a comprehensive review in 2013, and we will contribute to that process drawing on the insights we have offered since publication of our 2010 discussion paper, *Island Dreaming - A fresh look at Pacific regionalism*, that set the scene for the current thinking on the topic.

## Sustainable development

The 2012 Doha climate change conference was merely a continuation of the existing international impasse. Pacific countries called for more action and a heightened sense of urgency, and also called on other nations to break the deadlock as 2012 brought fatal floods in Fiji and saw 83 families from PNG's Carteret Atoll displaced to Bougainville. In December, Cyclone Evan battered first Samoa and then Fiji to close out the year. Kiribati used 2012 to search for solutions to climate-driven migration, with Timor Leste making a tentative resettlement offer. Kiribati President Tong also raised the notion of purchasing land in Fiji, although played down the prospect of relocating the population under such a scenario. Our discussion paper, *Climate Security - A holistic approach to climate change, security and development*, revisited the climate change debate with a focus on the security implications for Pacific island nations.

Pacific leaders also went to Rio for the global conference on sustainable development (Rio+20) with the aim of raising attention on sustainable use of our oceans and green growth. In partnership with UNESCAP, we prepared a number of background papers on green growth potential in the Pacific. While the meeting and preparations helped raise the profile of sustainable development regionally, the conference outcome document was, as anticipated, unambitious and weak, lacking targets and binding mechanisms for implementation. Oceans were also on the agenda at the Pacific Islands Forum Leaders' Summit, with the announcement of massive new marine parks in the Cook Islands and New Caledonia, and a re branding of the Pacific countries as 'large ocean' rather

than 'small island' states. Amidst controversy over environmental impacts, Nauru became the first developing country to obtain a license to explore the international seabed. Seabed mining was also in the news in PNG where a dispute between the government and Nautilus Minerals stalled operations after 24,000 people petitioned the government in opposition to the Solwara deep-sea mining project.

Fishing nations agreed to reduce the over fishing of white-tip reef sharks and increased the protection of whale sharks, but failed to reduce over-fishing in the world's largest tuna fishery. The Parties to the Nauru Agreement (PNA) continued to negotiate better financial returns from foreign fishing fleets. PNA members also signalled tougher enforcement of regional fishing rules, which are at times at odds with bilateral deals. China doubled its subsidised Pacific tuna fleet, Palau joined forces with Greenpeace to tackle illegal fishing and Australia considered purchasing unmanned spy drones for Pacific maritime surveillance.

As custodians of the world's largest ocean and home to some of its most vulnerable countries, the Pacific has a significant stake in redefining the global approach to development, and we will continue to support informed debate and thinking in the lead up to the global discussion on the post-2015 development agenda.

PiPP reached another significant milestone in 2012, celebrating our fifth anniversary. We could not have got to this stage without the ongoing support from our partners around the region and internationally, with whom we share the belief that informed and inclusive debate is a vital part of the development process. We are particularly grateful for the ongoing core funding from the Australian Agency for International Development.

In closing I would like to pay particular homage to the wonderful staff that make this all happen. Everyone who has worked for and with PiPP over the past five years should be extremely proud of the efforts that have taken what we thought was a good idea into reality. Thank you!

Derek Brien  
Executive Director





**2012 Report card**

Stimulating debate

SIX Pacific countries held general elections in 2012, amidst growing public calls for reform and greater political inclusion and accountability. It is clear that our populations are becoming better informed, and that increasing access to technology has paved the way for information to be more widely shared. But it is also becoming evident that this has come with a growing sense of frustration with our leadership and the failures of service delivery. Events like PiPP's MP Face to Face have provided a valuable place for informed and inclusive political dialogues. We need more of them.

GRADE:	2012 HIGHLIGHTS:
A	<ul style="list-style-type: none"><li><b>The Pacific Debate (<i>pacificdebate.com</i>)</b> – There is a perception that the centre of gravity in terms of trade and security has shifted to the Pacific rim. With much of the discussion being defined by the big global players – the US and China – what does it mean for Island states? That was the question on everyone's minds when together with PACMAS we hosted the 2012 Pacific Debate. Modelled on the BBC's Doha Debate, the event provides a unique space for frank and fearless discussions on important issues affecting the Pacific; stimulating informed policy debate in the region. Panellists included Fijian agricultural economist, former diplomat and politician Kaliopate Tavola; American Samoan Congressman Eni Faleomavaega; representative of the State of Pohnpei to the Seventeenth Congress of the Federated States of Micronesia, Senator Peter Christian; and the former head of the Papua New Guinea Defence Force, Major General (retired) Jerry Singirok. The debate was moderated by respected Vanuatu national, Anna Naupa, a development worker and a University of Hawaii graduate.</li><li><b>MP Face to Face</b> – The governance landscape in Melanesia has long been dominated by political patronage, and MPs have seldom engaged with their constituents on policy issues. PiPP's MP Face to Face challenged that by facilitating a series of 'town hall' public meetings, and culminated in two special events that saw the Vanuatu prime minister and leader of the opposition engage in a truly national conversation on the issues. Following the success of the MP Face to Face events across Vanuatu, one observer noted 'the genie is now out of the bottle - it is no longer possible for politicians to avoid the hard questions from their constituents'.</li><li><b>Discussion Forums</b> – This year PiPP hosted two special discussion forums that were filmed for regional broadcast: 'Micronesian Futures' brought together an esteemed panel of experts in Koror to discuss the challenging but important questions around economic viability for small island states devoid of many natural resources. Our other forum was on 'Building the Creative Economy' run during the Pacific Arts festival in Honiara, which brought together regional experts to discuss the benefits of investing more in arts infrastructure.'</li></ul>

KEY LESSONS:

PiPP does not advocate for any policy position, it simply provides the space within which home-grown positions can emerge. We focus on getting the debate started and keeping it going. Our events and activities have demonstrated that people in the Pacific have questions to ask and things to say to each other, to their elected representatives and to the world about key issues. We have demonstrated that given the opportunity and the space to engage, the people in our region will take those opportunities and make good use of them. Increasingly we see the location of these debates being online and we hope to assist in facilitating such dialogue in the virtual world just as we have elsewhere.

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

Informing the debate

NOT so long ago access to information was a tightly restricted commodity. That has changed, and with it has come a new dilemma – sifting through the sheer volume of material and competing voices. So often those voices, on the issues that matter to our region, are not from the Pacific. PiPP's role as discussion starter and information interlocutor differs markedly from those seeking to directly influence the debate or steer a policy agenda. While we acknowledge our potential to influence, we put a premium on our reputation to frame and inform a debate in a balanced way. We do that by engaging policymakers and policy influencers, hosting debates and discussion forums, synthesising and publicising research on key issues and hot topics, and by providing a platform for Pacific voices.

GRADE:	2012 HIGHLIGHTS:
B	<ul style="list-style-type: none"><li><b>Discussion starters</b> - PiPP discussion starters are short papers designed to present key information in an accessible format relating to current public policy issues. In 2012 the discussion starter series included the linkages between climate change, security and development; investing in the creative economy, arts and culture; geopolitics amidst the emerging superpower rivalry; and internet uptake in a shifting technology landscape.</li><li><b>Papers, conferences &amp; meetings</b> - PiPP is regularly sought after to present and participate in regional and international conferences, meetings and events. In 2012, this included:<ul style="list-style-type: none"><li>'The Security Implications of Climate Change' presentation at The Environment and Security in the Pacific Islands Region: Priority Risks, Challenges &amp; Actions for a Secure Future conference at the Asia-Pacific Center for Security Studies (Honolulu)</li><li>'Financial Inclusion and Technology' presentation at the National Financial Inclusion Workshop: Medium Term Strategy for Financial Inclusion in Vanuatu convened by the Pacific Financial Inclusion Programme and the Alliance for Financial Inclusion (Port Vila)</li><li>Media as a Platform for Democratic Dialogue – workshop convened by the Tonga Broadcasting Commission in partnership with PACMAS and UNESCO (Nuku'alofa)</li><li>MPs and their constituents – convened by the Pacific Islands Public Policy Project, an initiative of the School of Government, Victoria University (Wellington)</li><li>Tourism, Cultural Landscapes &amp; Livelihoods in the South Pacific – convened by Monash University and the University of the South Pacific (Port Vila)</li><li>'Convince or collaborate? Getting the most out of KStar' keynote address to the inaugural K* conference hosted by the United Nations University (Hamilton, Canada)</li><li>'Media and Democracy in the south Pacific', University of the South Pacific (Suva)</li><li>Lessons from Assessing Governance: Towards Inclusive Democracies &amp; Development in Asia convened by the Participation in Experts Roundtable and South-South Exchange Forum (Jakarta)</li><li>Keynote address to the Asian aid in the Pacific conference - hosted by Asia Institute and the Asia Pacific Centre for Security Studies (Port Vila).</li></ul></li></ul>

KEY LESSONS:

PiPP is regularly called upon to contribute to and inform regional and international thinking on Pacific policy matters. In doing so we aim to provide a critical Pacific lens, and seek to further the relationship between researchers and the realities on the ground. Improving access to accurate and reliable information in user relevant language and formats remains a core function of the institute. Our work in this area has confirmed that there is a largely unmet demand for reliable and easy to absorb knowledge products in and about the Pacific.

## Increasing awareness

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

GRADE:

B

2012 HIGHLIGHTS:

- **Pacific Buzz** – PiPP’s fortnightly digest and analysis of contemporary Pacific policy issues produced in collaboration with the Development Policy Centre. In addition to becoming a must read for our online audience of Pacific policymakers and members of the public across the region and beyond, the Buzz has also been reproduced in regional print media.
- **Pacificpolicy.org** - Our website is constantly upgrading with new content and our Facebook page has attracted over 10,000 subscribers. Together our online presence reaches an average weekly audience of over 100,000 and has become an important means of staying informed on the latest issues. Our Pacific Voices blog highlights some of the best thinking and analysis from around the region - providing a genuinely Pacific perspective on the issues that matter most.
- **Kava diplomacy** - What we like to call the high-level but low-key dialogue among principal policy actors, which is often used to bridge the differing perspectives of national stakeholders and their development partners - improving information flows and promoting better informed discussion. This is something we handle in the Pacific Way; bringing people together in a safe space to share ideas and work things out.
- **Media calls** - PiPP staff are regularly called upon by regional and international media agencies to provide commentary and analysis on contemporary policy and political issues. A selection of PiPP appearances in the media is showcased on our website, which in 2012 also included a number of op-eds by our senior staff.

KEY LESSONS:

We are regularly called on by governments, donors, multilateral development agencies, academics and others to provide advice and share ideas on policy issues, research needs and research uptake. Investing time and resources into networking activities is a crucial part of what we do - both to build fraternity and to expand the reach of our activities widely across the Pacific and internationally. We see our role in this regard expanding as increasingly global attention is focused on our region. While acknowledging the importance of technical advances, there is a need to reach those living within the Pacific without internet access and include them in the discussions that affect their lives. We will continue to develop our online presence and utilise dynamic internet based tools in addition to more traditional outreach modes of communication. This can contribute to better access to wider sources of information and generate broader and better informed debates on the issues that matter to our region.

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

## Improving research

PiPP is committed to improving research and policy analysis in and about the Pacific. We do that by both connecting the existing research base to the live policy debate (through research synthesis and engagement through our publications, events, networking and outreach activities) and also by undertaking high-quality original investigation. To date, the focus has been on the former - primarily because there already exists an extensive base of information that has failed to get traction amongst policymakers and the wider public.

GRADE:

C+

2012 HIGHLIGHTS:

- **Research Spotlight** – a new tool developed throughout 2012 as a means of summarising contemporary research. Using a simple template, the Research Spotlight draws out the key messages and ideas and is delivered in a easy to absorb format – the intent is to increase exposure and use of relevant research by Pacific policy stakeholders. We continue to develop this product with the view of weaving it into our online networking platforms.
- **Green Growth Assessments** – In association with UNESCAP, we undertook an assessment of the opportunities for greening the economies of Palau and Vanuatu. Combining a literature review and in-country consultations, this analysis was undertaken in preparation for the Pacific’s participation in the Rio+20 summit on sustainable development.
- **Election analysis** – PiPP again partnered with Vanuatu’s political parties and groupings to undertake an assessment of each party’s key policy positions ahead of the 2012 general elections. The analysis was published in a special supplement to the *Vanuatu Daily Post*.
- **Research partnerships** - PiPP is regularly consulted by visiting scholars, consultants and others undertaking research in the region. In 2012, this resulted in a number of formal research partnerships, including:
  - Partnering with the Asia Institute in New Zealand and the Asia Pacific Centre for Security Studies (APCSS) in Hawaii to look at the scale, impact and policy options for Asian nations increasing their presence and aid funding to Pacific island countries.
  - Partnering with Monash University in a study into tourism and livelihoods.
  - Ongoing support for the research collaboration between RMIT University, Oxfam Australia and the University of the South Pacific into reducing economic vulnerability and increasing resilience.

KEY LESSONS:

Heading into 2013 we propose to invest further in research and policy analysis functions to build our capacity to provide timely analysis and develop the organisation’s independent research programme. At the same time we continue to build on our ever deepening network of associates and strategic partnerships. Increasingly PiPP is called on to collaborate with established research institutions (especially in the Pacific, Australia and New Zealand) and we utilise these networks not only to strengthen our own research capacity, but also to contribute to the improved research effectiveness and relevance of our partners.



# 2012 Financial report

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

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

In the opinion of the Board, the financial statements for the year ended 31 December 2012 have been drawn up so as to give a true and fair view.

The Board confirms that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 2012.

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

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

The summarised financial statements may not contain sufficient information to allow for a full understanding of the financial affairs of the institute. For further information, please consult the full audited financial statements for the financial year ended 31 December 2012, which are available from the institute's offices.

Approved by the Board  
19 March 2013

WE have audited the financial statements of the Pacific Institute of Public Policy which comprise the balance sheet as at 31 December 2012, the income statement, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out in the report of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements have been properly prepared in accordance with the provisions of the *Charitable Associations Act (Consolidated)* and give a true and fair view of the financial position of the entity as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have examined the summarised financial statements of the Pacific Institute of Public Policy for the year ended 31 December 2012. We have also read the other information contained in the annual report and considered the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the summarised. In our opinion, the summarised financial statements on the following pages are consistent, in all material respects, with the full audited financial statements of the Pacific Institute of Public Policy for the year ended 31 December 2012.

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

LAW PARTNERS, Chartered Accountants, March 2013

## INCOME STATEMENT FOR PERIOD ENDED 31 DECEMBER 2012

OPERATING REVENUE	2012	2011
Core funding grant	88,090,200	82,979,370
Project income	14,953,724	21,884,117
Interest income	125,704	44,532
Other income	7,296,650	484,003
<b>TOTAL REVENUE</b>	<b><u>110,466,278</u></b>	<b><u>105,392,022</u></b>
OPERATING EXPENSES		
<b>Programming, network and administration</b>		
Personnel costs	14,237,869	8,135,270
Operational costs	14,719,205	11,321,965
Travel costs	7,760,469	8,611,292
	<u>36,717,543</u>	<u>28,068,527</u>
<b>Research and special projects</b>		
Personnel costs	27,584,277	25,560,536
Operational costs	5,231,873	3,399,190
Travel costs	6,608,577	5,704,273
	<u>39,424,727</u>	<u>34,663,999</u>
<b>Communications, events and research uptake</b>		
Personnel costs	18,582,901	17,027,222
Operational costs	9,624,699	5,168,762
Travel costs	7,735,437	5,240,237
	<u>35,943,037</u>	<u>27,436,221</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>112,085,307</u></b>	<b><u>90,168,747</u></b>

## STATEMENT OF CHANGE IN FUNDS

Balance at beginning of the year	31,726,045	16,502,770
Operating surplus/(loss) for the year	(1,619,029)	15,223,275
<b>Balance at the end of the year</b>	<b>30,107,016</b>	<b>31,726,045</b>

## BALANCE SHEET AS AT 31 DECEMBER 2012

CURRENT ASSETS	2012	2011
Cash	93,180,977	29,564,656
Receivables	751,098	2,642,400
Other assets	438,645	595,285
<b>Total current assets</b>	<b><u>94,370,720</u></b>	<b><u>32,802,341</u></b>
<b>Non-current assets</b>		
Property, plant and equipment	6,177,799	5,251,465
Total non-current assets	6,177,799	5,251,465
<b>TOTAL ASSETS</b>	<b>100,548,519</b>	<b>38,053,806</b>
<b>CURRENT LIABILITIES</b>		
Creditors and accruals	816,871	981,543
Provisions	1,902,874	804,918
Income in advance	59,375,000	-
<b>Total current liabilities</b>	<b><u>62,094,745</u></b>	<b><u>1,786,461</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	8,346,758	4,541,300
Total non-current liabilities	8,346,758	4,541,300
<b>TOTAL LIABILITIES</b>	<b><u>70,441,503</u></b>	<b><u>6,327,761</u></b>
<b>NET ASSETS</b>	<b>30,107,016</b>	<b>31,726,045</b>
Accumulated surplus	30,107,016	31,726,045
<b>TOTAL ACCUMULATED SURPLUS</b>	<b><u>30,107,016</u></b>	<b><u>31,726,045</u></b>

## NOTES:

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

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

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

# Management & accountability

## Organisational governance

### ASSOCIATION

THE Pacific Institute of Public Policy (PiPP) was established as a legal entity under the *Vanuatu Charitable Associations (Incorporation) Act* (registered no. 34243) on 21 November, 2007. The institute's constitution forms part of its articles of association and details the organisation's objectives, composition and management. As a not-for-profit entity, the constitution directs that all income and property shall be applied solely towards the promotion of the objectives and that no income or property shall be paid or transferred by way of dividend, bonus or otherwise by way of profit to the members.

### BOARD

THE institute is governed by a Board of up to seven members whose purpose is to maintain the values of the organisation and set the overall strategy and direction. Current members are profiled in the following pages. The Board monitors the financial and operational performance of the organisation and its management. The Board meets twice annually, before 28 February to approve the annual report and audited financial statements for the previous operating/financial year and by 30 November to approve the annual budget and activity plan for the forthcoming year. The institute follows the Vanuatu financial year, which starts on 1 January and ends on 31 December.

## Human resource management

### STAFF

THE institute has a Board approved *Human Resource Policy and Procedures*, which was prepared by an external HR professional and sets out recruitment, staff development, grievance and disciplinary procedures. The institute's human resource planning is informed by analysis of future workforce demand and supply, future workforce opportunities and challenges, skills assessments and legislative obligations. Going into 2013, core staffing numbers are expected to remain relatively constant at 14 full time equivalent positions covering programming, networking and administration (4), research (5) and communications and research uptake (5) with 12 out of the 14 positions (86%) working directly on research/analysis and the dissemination of information.

### ASSOCIATES

WE continue to explore ways of operating through a network of associates and contributors, and through strengthened institutional partnerships with other research and policy focused organisations in other Pacific island countries. This allows us to keep our core staffing requirements at a sustainable level, whilst expanding our reach and access to relevant expertise. This model also allows greater flexibility in responding to contemporary and emerging policy issues, and by embracing information technology advances will ensure the natural evolution of PiPP from 'think tank' to collaborative 'think net'.

## Financial management

FINANCIAL management is the responsibility of the Executive Director and is overseen by the Board. The institute has Board approved *Financial Regulations* in place, which cover: financial delegations; management of accounts; payments and purchasing; asset management; and financial reporting. The institute is committed to the principles of best procurement practice that includes open, fair and competitive purchasing and tendering processes, which are appropriate in terms of cost and efficiency and take into account potential conflicts of interest. The institute has advanced budgeting and accounting systems in place, and the accounts are audited annually by a firm of chartered accountants according to international accounting standards.

## Ethics and values

THE institute has a Board approved *Research Ethics Framework*, which provides guidance for researchers and procedures for institutional monitoring. All research conducted by, for, and/or in collaboration with PiPP is guided by the principles of dignity, respect, selflessness, honesty, integrity, objectivity, accountability, openness, and leadership. The principles apply equally to staff and research associates.

## External scrutiny, monitoring and evaluation

THE institute's accounts and operations are audited annually by a firm of chartered accountants in accordance with international financial reporting standards, and submitted to the Vanuatu Financial Services Commission pursuant to the requirements of the *Vanuatu Charitable Associations (Incorporation) Act*. Annual and progress reporting and financial acquittals have been supplied to AusAID since 2008. The institute welcomes critical feedback on its performance and editorial content. To this end, we engage a range of academics, policymakers and experts to provide peer review and offer comment on our work. In addition, we publish an annual report card that assesses our performance against objectives and captures the key lessons learned. To date this has been based on self-assessment overseen by the Board. Moving into 2013 we will introduce a panel of peers and experts to provide an external appraisal to inform the annual report card.

The type of activity undertaken by PiPP does not easily lend itself to measuring outcomes. Short-term quantifying mechanisms can capture the level of outputs (e.g. number and reach of research and discussion papers, number of citations of PiPP analysis, web and network traffic and event attendance) but this provides little evidence of how PiPP's activities lead to better informed and more inclusive policy decisions and how these decisions contribute to improved development outcomes. Given the complexity in assessing the impact of our work, we have teamed up with the Overseas Development Institute to examine the characteristics of the policy issues and environment in which we operate, track how we have responded and the effect this has had on fostering debate amongst different stakeholders and any contribution this has had to policy change. The assessment is based on interviewing key stakeholders and mapping the issues, PiPP's responses and its impact. Rather than focus on individual or specific stories, the performance assessment will provide an analysis of the patterns that emerge from the totality of the reviews.

# The people behind PiPP

## BOARD

Mr Rick Houenipwela, Solomon Islands  
Dame Carol Kidu, Papua New Guinea  
Mr Matthew Morris, Australia/Papua New Guinea  
Mr Nikunj Soni (Chair), Vanuatu/Timor Leste  
Mr Kaliopate Tavola, Fiji  
Mr Odo Tevi, Vanuatu  
Mr Afamasaga Toleafoa, Samoa

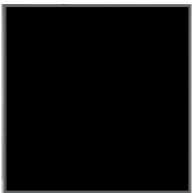
*Professor Stephen Howes resigned from the Board on 6 November 2012*

## STAFF

Trevor Banga, Research Associate	Dan McGarry, Chief Technologist
Frida Bani-Sam, Communications Officer	Kiery Manassah, Senior Communications Officer
Ellen Bitatau, Executive Assistant	Erika Morishita, Communications Associate
Ben Bohane, Communications Director	Rina Obed, Office Support
Derek Brien, Executive Director	Anna Naemon, Research Associate
Mary Jack Kaviamu, Project Officer	Benjamin Sims, Research Associate
Linda Kenni, Research Associate	Dulciana Somare-Brash, Associate Director
Toby Ley, Research Associate	Matt Temar, IT Support Officer

## PIPP ASSOCIATES

H.E. Ati George Sokomanu, Retired (first) President of the Republic of Vanuatu  
Mr Hannington Alatoa, Former Ombudsman, Vanuatu  
Chief Vincent Boulekone, Former Speaker of Parliament, Vanuatu  
Ms Virisila Buadromo, Executive Director Fiji Womens Rights Movement  
Professor Satish Chand, University of New South Wales, Australia  
Associate Professor Simon Feeny, Alfred Deakin Research Institute, Australia  
Dr Dan Gay, Principal Emergent Economics, UK  
Mr Ben Graham, Advisor to the Government of the Republic of Marshall Islands  
Mr Mark Harradine, Executive Director Auditor General's Office, Australia  
Mr Adrian Hewitt, Overseas Development Institute, UK  
Mr Aunese Makoi Simati, Secretary Ministry of Finance, Tuvalu  
Ms Pricilla Maruariki, Manager Treasury Operations, Ministry of Finance, Cook Islands  
Ms Anna Mendiola, President, Federated States of Micronesia Development Bank  
Professor Vijay Naidu, University of the South Pacific, Fiji  
Mr Emmanuel Narokobi, Masalai Communications, Papua New Guinea  
Professor Greg Rawling, University of Otago, New Zealand  
Mr Benjamin Shing, Director Strategic Policy, Planning and Aid Co-ordination, Vanuatu  
Mr Ashley Wickham, Policy Analyst, Solomon Islands



Trevor Banga  
Research Associate



Frida Bani-Sam  
Communications Officer



Ellen Bitatau  
Executive Assistant



Ben Bohane  
Communications Director



Derek Brien  
Executive Director



Rick Houenipwela  
Board Member



Stephen Howes  
Board Member



Mary Jack Kaviamu  
Special Projects Officer



Linda Kenni  
Research Associate



Dame Carol Kidu  
Board Member



Toby Ley  
Research Associate



Dan McGarry  
Chief Technologist



Kiery Manassah  
Online Editor



Erika Morishita  
Communications Associate



Matthew Morris  
Board Member



Anna Naemon  
Research Associate



Rina Obed  
Office Support



Benjamin Sims  
Research Associate



Dulciana Somare-Brash  
Associate Director



Nikunj Soni  
Board Chair



Kaliopate Tavola  
Board Member



Matt Temar  
IT Support Officer



Odo Tevi  
Board Member



Afamasaga Toleafoa  
Board Member





**Pacific Institute  
of Public Policy**