

# THE REGION AUSTRALIA MUST NOT IGNORE

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Politicians who talk about preserving Australia as a "sanctuary" from an overcrowded world, or deciding who will come here and the circumstances in which they come, cannot afford to take their eyes off the ring of islands off the north and east coastline.

Which is why the election campaign has come at an unfortunate time, causing the Prime Minister to drop out of the annual gathering of leaders of the 16-nation Pacific Islands Forum, being held in the Vanuatu capital of Port Vila next week.

It is belatedly firming up that Foreign Affairs Minister Stephen Smith will lead the Australian delegation, but it will not be the same, especially given Australia has held the chair for the past year and the forum is the main chance for island leaders to get the attention of Canberra.

As much as the island countries build other sources of trade, investment and aid, their people literally still look to Australia through the TV programs and sporting events they follow avidly.

"The Pacific relationship is our most important area of influence," says Duncan Kerr, the retiring Labor MP from Tasmania who was Kevin Rudd's junior minister for Pacific affairs until October and before entering Parliament was the dean of the law school at the University of Papua New Guinea.

"There are many other important relationships Australia has. But in our immediate region and particularly in the Pacific we are - whether we like it or not - the elephant in the room. And what we do and say matters in a way that is profoundly consequential."

This decade will see huge changes in the south-west Pacific, a short canoe trip from our territory.

There is the return to elected government in Fiji promised by its military government in 2014. In the five years after that, the people of French-ruled New Caledonia will vote on whether to become the independent nation of Kanaky, and those of Bougainville island on whether to separate from Papua New Guinea. The indigenous people in Indonesian-ruled Papua clearly wish they had the same choice.

Underlying this are demographic pressures. Our public frets about a "big Australia" of 36 million people estimated for 2050. The South Pacific Commission in Noumea sees the Pacific island population growing 82 per cent in the same period, from 9.9 million to 18 million.

This will be weighted towards the nearer Melanesian countries. Papua New Guinea will grow by 96 per cent to 13.2 million; the Solomon Islands by 125 per cent to 1.24 million; Vanuatu by 123 per cent to 540,000. Fiji, which has had an emigration drain of non-indigenous people (and ethnic talent) will grow 25 per cent to 1.06 million.

All these countries are seeing an urban drift and a build-up of volatile squatter settlements in their cities, sources of political instability and a transfer of peoples from healthy lives of village subsistence into urban poverty.

If this was driven by job opportunities, this would be good. But it is not.

"Internal rural/urban migration is driven by lack of services in rural areas as much as by the search for work," says Christine McMurray, an expert on Pacific demography at the Australian National University. "Educational standards tend to be so low or inappropriate that few of those moving to urban areas are able to find work except as unskilled workers, and there is not a huge demand for that category."

New Zealand is also undergoing change. The Pakeha (white) population is growing at 0.4 per cent a year, a figure eclipsed by the Maori, Pacific islander and Asian growth rates. By 2026, Statistics New Zealand estimates these three groups will comprise 37.5 per cent of the 5.55 million New Zealanders, up from 29 per cent of the present 4.5 million.

Kerr thinks the Rudd years sharpened the tools for Canberra to help the region cope. The aid budget is greater, thanks to a wider perception of national security, and the joint review with PNG points to the budget becoming more focused on fewer sectors, notably on education and transport.

An emphasis on avoiding waste and misuse of aid money would mean replicating Australia's bureaucracy. Kerr says Canberra has not been ignoring "governance issues" (ie, corruption), "but it's a difficult area where perfectibility is not an option".

"We've moved past the colonial era. We can't have kiaps [patrol officers] on the ground in every province any more."

Kerr insists it is too early to write off the scheme of seasonal work for Pacific islanders announced by Rudd at the forum two years ago, before the 2008 financial crisis and collapse of tax-driven horticultural and forestry schemes. Only 86 workers from Tonga, Vanuatu and Kiribati have been given visas to work as fruit-pickers. New Zealand's scheme brings in about 8000 workers a year.

"We knew there were a lot of willing critics," Kerr said. "There were a lot of people who wanted it to fail, so we set it up as robustly as possible, to make sure that none of the reasonable criticisms that could be directed would ever come to pass. So that made it a bit slower." But PNG has just formally agreed to take part. "I'm confident there will be more pick up," he said.

Still, Kerr concedes that Canberra has been distracted. "If you look at it through the lens of the last few months you might say that some of that momentum may have drained out of things."

No one has replaced him as parliamentary under-secretary for the region and Bob McMullen, the junior minister for foreign aid, is also retiring.

Now there is the absence of the Prime Minister from the forum. Kerr doesn't criticise that, and PNG's high commissioner in Canberra, Charles Lepani, is understanding. "It's a pretty close election," he told the Lowy meeting this week. But Kerr adds: "It will mean that the new government will have to put a bit more extra work in."

You wonder why Julia Gillard cannot take the prime ministerial jet across to Port Vila even for a day to show commitment. It might make her think, too, about the delusion she is fostering of an unchanging Australia with a white picket fence around it, keeping the region and its peoples outside