

**Senate Standing Committee on Foreign Affairs, Defence
and Trade**

**Inquiry into the main economic and security challenges
facing PNG and the island states of the Southwest Pacific**

Question taken on notice at hearing 20 November 2008

Department of the Treasury

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Senator Forshaw asked Mr Neil Motteram, General Manager, Pacific and Assistance Division, Department of the Treasury, upon notice, on 20 November 2008 for:

Detail on budgetary or financial support given by overseas countries to Pacific Island countries.

Mr Motteram: I note that the honourable Senator's question was in regard to financial support from the Republic of China (Taiwan), the Peoples' Republic of China (China), Japan and Venezuela to the three Pacific Island countries to which Treasury has deployed officials: namely Solomon Islands, PNG and Nauru (pages 12-13 of Proof Hansard).

The answer to the question is as follows:

SOLOMON ISLANDS


- Solomon Islands expects to receive SBD80 million (\$A14.6 million) in direct budget support from **Taiwan** in 2009, accounting for approximately 4 per cent of total revenue (Solomon Islands Budget 2009: pages 23-24). Taiwan is expected to provide this support through:
 - ROC Rural Constituency Development Fund (SBD20 million);
 - ROC Millennium Constituency Development Fund (SBD20 million);
 - ROC Constituency Micro-Project Fund (SBD10 million);
 - Training awards (SBD17 million); and
 - Contribution to Free Education (SBD5 million).
- There are no records of support from the other countries in the Solomon Islands budget papers.

PAPUA NEW GUINEA (PNG)

- PNG expects to receive K21.4 million (\$A12.5 million) in budget support from **China** in 2009, accounting for approximately 0.3 per cent of total revenue. The budget support is in the form of project grants (PNG 2009 Budget: page 31).
- PNG expects to receive K139.6 million (\$A81.5 million) in budget support from **Japan** in 2009, accounting for approximately 2 per cent of total revenue. The budget support is in the form of project grants (PNG 2009 Budget: page 31).
- There are no records of support from the other countries in the PNG budget papers.

NAURU

- Nauru expects to receive \$A5.1 million in budget support from **Taiwan** in 2008-09, accounting for approximately 11 per cent of total revenue. This support consists of cash grants to the following:
 - US\$1 million to pay ‘salaries owed to Nauru public servants’; and
 - A\$2.97 million in ‘unallocated budget support’, part of which covers the costs associated with Nauru’s embassy in Taipei and UN mission in New York.
- Other financial support from Taiwan includes:
 - unspecified repayments on loans from Taiwanese banks taken out by Nauru during the 1990s; and
 - donation of a shipment of rice to Nauru in 2007-08. The Government of Nauru expects to receive A\$107,000 from the sale of the remainder of this shipment in 2008-09 (Nauru Budget 2008-09: pages 22-23, 40, 45,61).
- Since 2005, **Japan** has provided annual shipments of diesel to Nauru, which in 2008 was worth JPY¥100 million (approximately A\$1 million at the time), under its Non-Project Grant Aid scheme (Nauru Budget 2008-09: page 23).
- There are no records of support from the other countries in the Nauru budget papers.

 , on behalf of

John Burch
A/g General Manager
Pacific & Assistance Division
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