

PNG unions call off all action against budget cuts

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Papua New Guinea's trade union leaders have called off a threatened three-day public sector strike over the Somare government's wage freeze and vowed to work closely with the government to implement its drastic austerity measures.

On January 23, not only did the Combined Public Sector Unions (CPSU) cancel the three-day national stoppage scheduled to commence on January 27, but PNG Trade Union Congress general secretary John Paska gave Prime Minister Michael Somare an assurance that the unions would work as a partner with the government.

The CPSU leaders had been forced to issue the strike threat because of anger among their 77,000 members—who include teachers, health workers, police and fire fighters, transport and telecommunications workers, as well as public servants—over the wage freeze, soaring prices, inadequate hospital funding and rising education costs.

In a supplementary budget handed down last year shortly after taking office, the government granted huge tax exemptions to investors in mining projects, while imposing severe public spending cuts. It declared it would retrench 2,000 public sector workers by 2005, cut public spending by 84 million kina (\$US24 million), slash education funding from K135 million to just K60 million, scrap the promised abolition of school fees, and impose a public sector pay freeze.

With these far-reaching measures already devastating working class living standards, the CPSU leaders wrote to Somare in early January issuing the strike threat. The letter declared that workers' pay packets could not feed their families, while their lives were also in danger because of the declining capacity of major public hospitals.

The strike call followed reports that hospitals around the country, starved of funds, had reduced their operations. Port Moresby General Hospital chief executive officer Dr

Chris Marjen said cash flow problems and shortages of medical supplies had forced the hospital to scale down its services.

In one tragic situation reported in December, 20 children died with 10 others at risk from a measles outbreak in the Hengonofi area of the Eastern Highlands. Health authorities in Goroka said they lacked medicine, vaccines, manpower and transportation to deliver the supplies.

Sixteen unions had agreed to join the strike. They were the Public Employees Association, PNG Teachers, Police, PNG Harbours Board, National Airlines Employees, PNG Maritime Workers, Medical Laboratory Staff, Elcom Branch, NCDC Workers Union, PNG Nurses, PNG Air Traffic Controllers, PNG Civil Technical staff, National Housing Corporation, NCD Branch, National Fire Fighters and PNG Airport Fire Fighters.

But after two weeks of talks with a Department of Personnel Management team headed by Public Service Minister Dr Puka Temu, the CPSU struck a deal with the government on January 23, dropping all its demands. While the pay freeze will end, any increases in wages and allowances will be deferred until 2004 and 2005. For 2003, only "performance-based" increases will be permitted.

With inflation running at 10 percent, Temu gave a meaningless undertaking that the government would direct the Independent Consumer Competition Commission to ensure that prices of goods and services to the community are "reasonable".

CPSU chairman Napoleon Liosi, who also heads the largest public sector union, the Public Employees Association, pledged to cooperate with the government. "Where doors are closed, troubles happen, but where doors are open, consultative talks happen even if there are disagreements," he said.

Temu welcomed the CPSU's surrender. "To me, that's

very mature on everybody's part," he said, adding that such consultation could "prevent a lot of industrial reaction and actions experienced in PNG".

On the same day, PNGTUC general secretary Paska, who had refused to support the public sector strike, gave Somare his assurance of a new partnership. "This had been missing during the term of the previous government," he said. After being sidelined by the previous Morauta government, the union leaders have been anxious to establish a closer relationship with Somare.

Paska made clear that the unions were ready to impose the government's full austerity program, insisted upon by the World Bank and IMF. "Issues such as the value-added tax, the declining value of the kina, employment contracts, privatisation, wage freeze, World Bank and IMF policies are issues that the unions would like to really sit down with the government and discuss," he said.

Paska attempted to present Somare as an opponent of the Morauta government's privatisation policy, hailing the establishment of a Commission of Inquiry into the sale of the PNG Banking Corporation. But, in fact, the government has restarted the privatisation process, and according to the budget papers, plans to raise K200 million by selling Telecom and the Harbours Board in 2003.

Paska first signalled his willingness to work with the government last year when he praised the supplementary budget. "Tough times call for tough measures," he said. "This [budget] prepares the nation for the implementation of an internally designed structural adjustment program aimed at rationalising and restructuring the public sector cost structure.... This is well overdue and we would strongly urge the government to apply the necessary political will and desire to see this through."

In calling off the strike action and lining up with Somare's cost-cutting, pro-business policies, unions are offering their services to police the intolerable conditions confronting PNG's people.



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