

Government of crisis installed in Papua New Guinea

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Papua New Guinea's parliament was briefly reconvened on August 2 following national elections. Prime Minister Peter O'Neill was placed back in office following a vote of the newly-elected MPs. O'Neill received 60 votes, with 46 voting against.

The two-week election that ended on July 8 was dominated by vote-rigging, the wholesale omission of names from the electoral roll, ballot box-tampering and bribery. Nevertheless, Governor-General Bob Dadae invited O'Neill to form a government and recalled parliament, even though writs from only 106 of 111 seats had been returned.

O'Neill had earlier declared that he negotiated a deal with the Peoples Progress Party (PPP), the United Resources Party (URP), the Social Democratic Party (SDP) and independents to form a coalition government with his Peoples National Congress Party (PNC).

Already there are signs that the incoming government will be one of crisis. The National Court this week dismissed a challenge to the legality of a 2014 arrest warrant for O'Neill. The warrant stemmed from an investigation by anti-fraud police into alleged illegal state payments of \$US30 million to law firm, Paraka Lawyers.

Last year O'Neill sacked the police commissioner and disbanded the anti-corruption taskforce. A series of challenges by his legal team ensured that the execution of the warrant remained stalled in PNG's court system.

Dismissing the latest legal challenge, Justice Collin Makail declared it was "an abuse of court process" and the warrant is "not reviewable." The head of the National Fraud and Anti-Corruption Directorate, Matthew Damaru, welcomed the judgment, saying it cleared the way for the prime minister's arrest. O'Neill, however, indicated he would appeal to the Supreme Court.

The election outcome points to the deepening popular opposition to the austerity policies of all the major parties. O'Neill has clung to power in the face of rising struggles by students and workers over inequality, corruption and the country's social crisis.

Despite the widespread electoral fraud, which principally benefited the ruling PNC, O'Neill's government has seen its majority slashed. O'Neill presided over the last parliament with a large majority that included 55 MPs from the PNC. With Southern Highlands still to be declared, that number has been reduced to 27. Minor parties such as the PPP and the URP each have between 4 and 6 members.

According to a list published by the *Loop PNG*, over half the 59 MPs who signed up to O'Neill's "Alotau 2" coalition are from minor parties or are designated independents. This unstable coalition will be held together largely through the disbursement of "development" funds, worth more than \$A3 million, used to reward supporters in each electorate.

O'Neill last week announced a seven-man caretaker cabinet to operate until the first parliamentary sitting on August 22. His previous cabinet was largely decimated when at least six high-profile PNC figures were ousted in the election. They included Deputy Prime Minister Leo Dion, former parliamentary speaker Theo Zurenuoc and Health Minister Michael Malabag, who oversaw massive expenditure cuts in the health services.

The most significant new cabinet appointment is Charles Abel (PNC), who has been promoted from national planning minister to deputy prime minister, treasurer and minister responsible for next year's APEC conference.

A coalition of opposition parties, called the Alliance, now holds 47 seats. It consists of the National Alliance

(NA), PANGU Party, PNG National Party, Peoples Movement for Change, Melanesian Alliance, Coalition for Reform Party, Melanesian Liberal Party, PNG Party and independents. The NA, which was the main party in O'Neill's previous coalition government, remains the second largest party in parliament with 14 seats, while PANGU has 10.

The parliamentary opposition parties provide no alternative for the working class and rural poor to intensifying austerity and deprivation. Throughout the election they attacked O'Neill from the right, accusing him of bankrupting the country and not going far enough in slashing budget spending.

Treasury last week released its Mid-year Economic and Fiscal Outlook, revealing a budget blowout of more than a billion kina (\$US309 million) amid collapsed revenues and higher than expected expenditure.

Foreshadowing more attacks on living standards and public services, Treasurer Abel warned "changes in government direction" would be necessary. He told Radio New Zealand: "We've got to realise that there's a limit to borrowing. We've got to realise that we've got to live within our means."

Anger over the outcome of the election is fuelling ongoing political turmoil. The day parliament reconvened, fighting erupted when supporters of former MP and opposition leader Don Polye reportedly went on a "rampage" after his opponent Alfred Manase (PNC) was declared winner of the Kandep Open seat in the Highlands.

Polye's supporters claimed the returning officer proceeded with the vote count without including seven disputed boxes from Polye's support base. A gunfight broke out, causing five deaths and injuring more than 20 people.

The provincial capital of Wabag has already been in a two-week lockdown after four people, including two police, were killed in a previous incident between rival supporters over grievances regarding the Kandep count. More than 500 security personnel have been dispatched to the region to suppress the continuing unrest.

The decision to set aside the ballot boxes from Polye's stronghold almost certainly ensures the result will go to the court of disputed returns. Nevertheless, his loss is significant. As Triumph Heritage Empowerment Party leader, Polye headed the official opposition in the last parliament and advocated an

urgent supplementary budget to replenish depleted foreign reserves through further attacks on living standards. He centred his election campaign on a promise to sell the government's share in the Oil Search company, which has a 29 percent stake in the country's vast liquefied natural gas projects.

Unrest has also taken place in other areas. The Southern Highlands capital Mendi was placed in lockdown after five people were killed in fresh election-related violence last weekend. The clash erupted between armed supporters of the two leading candidates who accused the provincial election manager of defying Electoral Commission orders by proceeding to the vote count with dozens of ballot boxes still under dispute.



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