

Political Reviews

The Region in Review: International Issues and Events, 2012

NIC MACLELLAN

Melanesia in Review: Issues and Events, 2012

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PAPUA NEW GUINEA

The year 2012 and the events in the latter part of 2011 leading up to the infamous “political impasse” in Papua New Guinea (PNG) will go down in the annals of PNG political history for a number of reasons. Most significant, it was a year that saw the end of nine years of rule by the National Alliance Party–led government of Prime Minister Grand Chief Sir Michael Somare—cutting short what would have been a historic two full terms as prime minister.

These events led to the biggest con-

stitutional and leadership crisis in the history of the country. The crisis put to test the thirty-seven-year-old constitution, challenged the principle of the separation of powers among the three arms of government (executive, legislative, and judicial), and shook the foundations of the Westminster system of government adopted by Papua New Guinea. Additionally, business houses and landowners around the Liquefied Natural Gas (LNG) project area warned that if the impasse between the two groups claiming to be the legitimate government continued, it could negatively impact investor confidence and the economy at a time when the LNG project was at its peak construction phase (*Post-Courier*, 19 Dec 2011).

Fortunately, 2012 was an election year, which meant that Parliament was dissolved and political incumbents had to re-contest their seats. This somewhat ended the leadership tussle between the Peter O’Neill and Somare factions, who were forced to renew their leadership mandate through the ballot box. This was timely because the political impasse could have devolved further into social chaos, as the stalemate was gradually politicizing and dichotomizing the different groups in the country who supported one faction or the other.

There was a sense of political insecurity and uncertainty when Somare’s family announced that he was not medically fit to continue as the country’s leader in 2011. Somare’s absence from the country for almost three months created a leadership vacuum despite his having appointed Sam Abal (the member for Wabag and minister for foreign affairs and immigration)

as acting prime minister. Somare's prolonged absence led the majority in Parliament to declare a vacancy in the prime minister's seat. Rifts within the National Alliance circles were already conspicuous due to Abal's displacement of onetime Deputy Prime Minister Don Polye. Abal had political foes from within his own party and also lacked the authority and respect that was accorded to Somare.

Since Somare became prime minister in 2002, his style of leadership and many of his decision-making processes were perceived as dictatorial by the Opposition. This was demonstrated in the ways that some controversial legislation was bulldozed through Parliament without wider consultation and debate—for example, the Environmental Act, which among other things prevents third-party lawsuits against resource companies (see Kantha 2011, 491, 494–495), and the Maladina Bill, which proposed the removal of the powers of the Ombudsman Commission (see Kantha 2010, 456–457). The provision in the Environmental Act preventing third-party lawsuits was later repealed by the O'Neill-Namah government.

The announcement of Somare's retirement from politics by his son and Member for Angoram Arthur Somare (*Post-Courier*, 30 June 2011)—seemingly without the knowledge of his father who was in the hospital in Singapore—provided an opportune moment for the Opposition to mobilize support and seize control of the government in mid-2011. However, the bond between new Prime Minister Peter O'Neill and his deputy, Belden Namah, was apparently one forged for political convenience. The two

men had to sell their policies, boost their popularity, and secure the voters' support to return to power after the national elections.

The rhetoric about free health care service was one popular election gimmick that never materialized during the twelve-month long government of O'Neill and Namah. Nonetheless, after being elected prime minister, O'Neill kept his word on free education. The Department of Education was directed to facilitate the dispensing of subsidies to schools, and when this was delayed and not implemented in a timely fashion, the National Executive Council in September suspended the secretary for the Department of Education, Dr Musawe Sinebare, allegedly for failing to effectively implement the policy. Prime Minister O'Neill issued a stern warning that his government would not tolerate slackness in the public service, particularly at the departmental head level (*The National*, 28 Sept 2012).

There were numerous skirmishes in the short-lived O'Neill-Namah regime and many embarrassing reversals by Prime Minister O'Neill of widely publicized decisions made by Deputy Prime Minister Namah. Namah was the government's rhetorician, predominantly seen as the one calling the shots, making the hard decisions, and being easily agitated. Meanwhile, O'Neill was soft-spoken, inquisitive, and seemed to merely wear the prime minister's hat without really exerting any authority.

On one occasion, Namah suspended the managing director of the Mineral Resources Development Company over allegations of corruption in the company. The company

was set up by the government with the prime minister as the sole trustee to manage landowner equity interests in the mining and petroleum sector (*The National*, 13 Oct 2011). Namah was acting prime minister at that time, as O'Neill was out of the country. On returning from his overseas trip, O'Neill immediately rescinded the decision of his deputy. These contradictions in the public pronouncements proved early in the formation of the O'Neill-Namah government that the alliance was just a façade for their own ends, and it was clear that the relationship would not last.

The overthrow of the Somare government and the impasse leading up to the elections in mid-2012 sparked a debate regarding whether the constitution or the Parliament held supremacy. The unprecedented circumvention of laws by the O'Neill-Namah government—seen in the removal of Somare as a member of Parliament, the amendment to the Prime Minister and National Executive Council Act to retroactively legalize Somare's disqualification, and the introduction of the Judicial Conduct Bill, which was an ominous attempt to penalize judges who might render a verdict upholding the supremacy of the constitution, and thus reinstating Somare—were obviously desperate attempts to cling to power. The constitution, however, fell short of clearly defining the parameters by which such practices could be deemed constitutional or otherwise.

Lawyers and political scientists alike conjured up varying interpretations of the laws with respect to the removal of Somare from Parliament, thus confusing the public with differing views more than shedding light

on the legality of the processes and acceptable parliamentary norms. Legal opinions about the legitimacy of the two government factions offered by lawyers representing the two sides were even more contradictory.

The inexorable O'Neill-Namah faction was adamant that Parliament, as the law-making body, was supreme and that the decisions of Parliament to disqualify Somare as prime minister and to remove him as East Sepik Regional Member for missing three consecutive parliamentary sessions were legitimate. In fact, however, Somare missed only two sessions. He was compelled to fly to Port Moresby from his hospital bed in Singapore and entered the chambers of the Parliament House in a wheelchair, determined to fulfill the constitutional requirements by not missing the third session of Parliament. The Somare faction maintained that the constitution created the institution of Parliament and thus is supreme and that the procedures undertaken by Parliament to remove him were therefore unconstitutional and extrajudicial.

The impasse consequently raised doubts about the independence and neutrality of the PNG Supreme Court, which is mandated to defend and protect the constitution. The O'Neill-Namah government was wary of the outcome of the Supreme Court ruling. After Chief Justice Sir Salamo Injia ruled that the manner and procedures by which Somare had been removed from Parliament were unconstitutional and called for Somare to be reinstated as prime minister, a warrant was immediately issued at the direction of Namah for the arrest of the chief justice. In a shocking theatrical display,

Namah went to the courthouse with police personnel calling for the chief justice to show himself and be arrested (adelaidenow 2012). This was the first time in the history of the country for a politician—deputy head of the executive government and member of the legislature—to lead the police to the courthouse calling for the arrest of the head of the judiciary and the courts.

The political impasse led to calls for the review of the constitution, which was said to be vague and full of loopholes. This followed calls from the PNG Constitutional Democratic Party for a review to tighten up laws in the country (*The National*, 14 Nov 2011). However, proponents of the constitution argued that it was not the ambiguity or inadequacy of the constitution that was the problem but rather the intention of politicians to inappropriately use the constitution to satisfy their personal interests and to legalize their illegitimacy.

The political deadlock with the O'Neill and Somare factions both claiming to be the legitimate government led to dual appointments of government ministers and heads of almost all key government departments, including the police, the PNG Defence Force, and the Department of Finance, which controls the government's purse. Contravening the constitution of the country, for the first time there was an odd structure of government with two prime ministers—one seeking legitimacy from the constitution and the courts, the other seeking his mandate from Parliament.

It was also the first time the country saw politicization and division within the police and defense forces, with members taking sides with the

two political factions based on past loyalties or what they hoped to gain from aligning with Somare or O'Neill. There was already speculation within the expatriate community about an imminent military coup, and the public service and bureaucracy were confused as to which government they should serve.

During this entire political deadlock, it was evident that the key individual involved in making and breaking the government was the Speaker of Parliament. Jeffery Nape, who had been Speaker under the Somare government, jumped ship to the O'Neill-Namah faction as soon as Somare's alleged retirement was announced by his son. Somare, however, dismissed his son's announcement of his retirement and declared that only he could make that decision, not anyone else on his behalf. However, Speaker Nape then declared a vacancy in the position of the prime minister and announced on the floor of Parliament the dismissal of Somare as prime minister and as East Sepik regional member.

PNG citizens turned to electronic media such as Twitter and the PNG Facebook group "Sharp Talk" to express their disgust at the immaturity of leaders in prolonging the political impasse. The stalemate was left to the elections to resolve and bring in a new government.

A few months before the issue of writs for the elections, Deputy Prime Minister Namah claimed that the Electoral Commission was unprepared, as the electoral rolls were yet to be fixed. Therefore, Namah claimed, there was a valid reason to postpone the elections until the roll was fixed. This proposition brought the ire of the public, nongovernmental organiza-

tions, and churches, who viewed the elections as perhaps the only process that could end the political impasse. Prime Minister O'Neill refuted his deputy's claim, saying that the Parliament has no authority to defer elections and that only the Electoral Commission can make such a decision (*Post-Courier*, 26 June 2012). The Electoral Commission immediately denied Namah's assertion that they were not prepared to conduct the elections. Electoral Commissioner Andrew Trawen reassured the public and voters that the commission was prepared and that the elections should commence as scheduled.

As the political deadlock continued and seemed to permeate other segments of the society, the only hope was that the national elections would give a fresh mandate to new members of Parliament to form a new government. While the 2012 national elections somewhat brought about political stability, the answer to the question of the supremacy of the constitution or Parliament remains unresolved, with the various challenges supposedly disposed of for the sake of political stability.

The 2012 elections, like previous elections, were riddled with the familiar illegal practices of double and multiple voting, underage voting, electoral roll discrepancies, and security problems, especially in the Highlands region of the country. Shocking photos of very young kids voting in one of the remote electorates in West Sepik Province filled the front page of the national dailies (*Post-Courier*, 24 July 2012). Perhaps the most glaring problem was that of missing names on the electoral roll. Hordes of disgruntled voters complained to the media of not

finding their names on the common roll and thus not being able to vote.

The Commonwealth Observer's interim report on the elections stated that some of the benchmarks for democratic processes had been met but several significant challenges remained to be addressed. Among these challenges were the persistent discrimination against the participation of women, increasing use of money to bribe voters, delays in polling schedules, and widespread disenfranchisement of citizens because of an ineffective voter registration and electoral roll management system (Commonwealth Secretariat 2012).

During the election campaign, leaders of political parties were already declaring their intentions to vie for the country's top seat—the position of the prime minister—if they were reelected. The two most popular of these candidates were Deputy Prime Minister Belden Namah, leader of the PNG Party (PNG Industry News 2012) and Don Poyle of the Triumph, Heritage and Empowerment Party (“T.H.E. Party”). Namah donated 30 million kina (1K = approximately US\$0.48), allegedly from his own pocket, to fund his party's candidates in the election (*Post-Courier*, 10 May 2012).

The formation of a government depends on the number of seats a party wins; the party with the most seats will be invited by the governor-general to try to form a government. Since independence in 1975, governments have always been formed through a coalition of parties because no single party has been able to achieve an outright majority of members.

As the winners of various seats were being declared, it became appar-

ent that O'Neill's People's National Congress Party was leading. Somare's National Alliance Party came to accept that they would not be a major force in the formation of the government in this election. On 3 August 2012, O'Neill was elected prime minister by an unprecedented parliamentary majority, which included five members who crossed the floor of Parliament from the rival group led by former Deputy Prime Minister Belden Namah. O'Neill mustered a total of 94 votes, while only 11 members stood with Namah. Meanwhile, three regional seats of Goroka, National Capital District, and Chimbu were yet to be declared (*The National*, 4 Aug 2012).

The 2012 national election was also the first in the history of the country that saw three female candidates elected to Parliament. When Dame Carol Kidu, former minister for community development and lone female member of Parliament, announced that she would not re-contest the Moresby South electoral seat in the elections, there was growing melancholy that there would be no female representative in the highest decision-making arena. Many anticipated that the country might not see another female member of Parliament for a long while because of the male chauvinism in PNG politics.

However, it was not by sheer luck but by their own merit that the country for the first time had three female Parliamentarians after the counting came to a close in the Sohe Open seat, the Lae Open seat, and the Eastern Highlands Regional seat. It was not only the first time to have three female members in a single Parliament but also the first to have a female can-

didate from the Highlands region, renowned for its traditional male dominance in politics.

After winning her seat, the new Lae Open member, Minister for Community Development Loujaya Toni declared that the bill for the twenty-two reserved seats for women in Parliament would not be supported by the government (see Kantha 2011, 498). Toni told Parliament that women had to prove that they could compete with men in politics and that there was no place for women to have easy entry into Parliament (*The National*, 22 Nov 2012). There were mixed reactions from women, with some expressing support for Toni's announcement. The National Council of Women, who, with the support of the United Nations in Papua New Guinea, had campaigned for the reserve seats for almost five years, knew that there was little they could do without a political champion in Parliament.

Eastern Highlands Province Governor Julie Soso, another female member of Parliament, announced plans to introduce a bill to outlaw polygamy in the country, saying that polygamous marriages, a cultural practice in most parts of the Highlands region, are not conducive to women making their own decisions (*The National*, 11 Dec 2012). Women and civil society groups in the country welcomed the proposal, with some members vowing to support the bill in Parliament. Although the practice is diminishing, it is still one of the major causes of gender-based violence in many parts of the country.

Sir Mekere Morauta, former prime minister and member for Moresby North West, also announced his retirement from politics and did not

re-contest his seat. Mekere had first been elected to Parliament in 1997 and retained his seat in the 2002 election before splitting with the Pias Wingti-led People's Democratic Movement Party to form the new PNG Party. Mekere led the country as prime minister from 1999 to 2002. In 2011, Mekere handed the leadership of the PNG Party to Member for Vanimo-Green Belden Namah. Mekere said that he is stepping down to make way for young leaders to take over and run the country (*Post-Courier*, 9 May 2012).

Prominent among those who contested but lost their seats in the elections were Member for Angoram Arthur Somare, Member for Lae Open Bart Philemon, Morobe Regional Member Luther Wenge, Member for Wabag Sam Abal, Madang Regional Member Sir Arnold Amet, and Member for Sinasina-Yongumugl and Speaker of Parliament Jeffery Nape.

Soon after his election loss, Nape was arrested by the Task Force Sweep, a government-endorsed corruption investigation body, for allegedly misusing K5 million. He was arrested just after leaving the courthouse on a separate bribery charge for offering K30,000 to a rival candidate in the Sinasina-Yongumugl seat to induce him to step aside (*The National*, 18 Sept 2012). Both cases are still pending.

Arthur Somare was a key player in the government led by his father, Sir Michael Somare, under the National Alliance Party. After his loss to former MP Ludwig Schulze, Somare admitted that he did not do enough for his electorate and that he had spent a lot of time away from the elector-

ate dealing with national issues (*The National*, 20 July 2012). Regrettably, the people of Angoram will have to go to the polls again, as their new member, MP Schulze, passed away after a long illness on 8 March 2013. Schulze spent only six months in office; the Angoram Open seat is now vacant pending an announcement from the Electoral Commission for a by-election.

The youngest person elected to Parliament was Member for Ambunti-Drekikir Ezekiel Anisi, who claimed to be twenty-five years old. Anisi is the son of former Secretary-General of the People's Progress Party Alex Anisi. The party is now under the leadership of former Prime Minister Sir Julius Chan. However, former Member for Ambunti-Drekikir Tony Aimo disputed Anisi's election win, claiming that he was under the mandatory age of twenty-five and did not have his name registered on the common roll at the time of voting and was therefore ineligible to contest the elections. In October, the court ruled in favor of Aimo, declaring the election of Anisi null and void; Aimo was thus returned to Parliament. The court found that Anisi was underage when he stood for elections (*Post-Courier*, 25 Oct 2012). Anisi was the first member of Parliament in the 2012 elections to lose his seat in the Court of Disputed Returns.

Given the widespread problems with the electoral roll and other illegal practices in the elections, an unprecedented 80 members—almost two-thirds of Parliament—had their election wins challenged. As the deadline for filing disputes came to a close in September, there were a record 105 election petitions registered with the Court of Disputed Returns. (A few

election wins have been challenged a number of times by different petitioners, hence the higher number of disputes than the number of members of Parliament who were challenged.)

To prove that he could only be removed from Parliament by his constituents and not by Parliament, forty-four-year veteran politician Sir Michael Somare re-contested his East Sepik Regional seat. As anticipated, Somare won the election with an overwhelming majority. Most of the votes were characterized as “sympathy” votes, since East Sepik Province voters were infuriated by the way Somare had been dismissed from Parliament. After winning reelection, in November 2012, Somare passed on the leadership of the National Alliance Party to Patrick Pruaitch, the new forests and climate change minister (*Sunday Chronicle*, 4 Nov 2012). The results of the election saw the National Alliance Party lose its dominance after being in power for two consecutive terms. Since it did not secure enough members to form a government, the National Alliance Party surprisingly joined in coalition with other parties to support Peter O’Neill’s People’s National Congress Party, which then formed the government.

Given the widespread disenfranchisement of citizens and irregularities seen in the elections, there is now a strong call for the introduction of a biometric system for the next elections. National Planning and Monitoring Minister Charles Abel announced that Papua New Guinea will use the biometric identification card system in the 2017 elections to avoid the electoral roll and double voting problems. He further stated that the National Executive Council has approved the

engagement of Chinese firm Huawei Technologies as the lead contractor to establish a national electronic identification card system for US\$76 million (K228 million). The minister added that the funding would come from the government’s US\$3 billion loan arrangement with the Export-Import Bank of China (*Post-Courier*, 1 Nov 2014). Due to security concerns raised by the United States Congress about Huawei and its affiliation with the Chinese government and military (BBC News 2012), there is already skepticism about engaging the firm in a sensitive exercise such as the biometric system for PNG elections.

During the period of political impasse it was obvious that a key institution, the Ombudsman Commission, which enforces the Leadership Code and scrutinizes the actions of leaders, was very silent. This unfortunately was largely due to the chief ombudsman being very ill and unable to perform his duties. The country lost Chief Ombudsman Chronox Manek on 1 October 2012 after a period of hospitalization. Manek, who was always very vocal on corruption, had previously escaped an assassination attempt in 2008.

In November, Prime Minister O’Neill announced that the cabinet was considering approving a proposal to amend section 145 of the constitution that would extend the grace period before a vote of no confidence is allowed from 18 months to 30 months after Parliament is seated. According to O’Neill, 30 months (equivalent to half of a five-year term of Parliament) would give the government sufficient time to implement its policies and development agenda (*Post-Courier*, 2 Nov 2012). Since

1975, votes of no confidence have resulted in governments having very short tenure, averaging around two years. This consequently has led to political instability affecting continuity in major developmental projects as well as disrupting the delivery of goods and services.

Political parties play a major role in PNG politics by endorsing and funding candidates during elections. However, they are still very loose entities, with most parties mushrooming during election periods and ceasing to exist after the elections. According to Dr Norman Kelly in a 2012 election-debriefing workshop for political party officials, Papua New Guinea needs strong political parties that are administered by professionally trained officers who comply with the Organic Law on the Integrity of Political Parties and Candidates and electoral laws, in addition to providing leadership for party members and PNG citizens. The officers should also ensure that parties have a strong membership base and be able to provide coherent policy alternatives to voters at election time (*Post-Courier*, 16 Nov 2012). With the political culture in Papua New Guinea, especially in the rural localities where people vote along personal, tribal, and ethnic lines, voting for party policies will take a while to materialize.

An important and memorable event toward the end of the year was the royal visit by Prince Charles and Camilla, Duchess of Cornwall. They arrived in the country on 3 November to a rousing welcome for a three-day visit. (This was Prince Charles's fourth visit to Papua New Guinea. The first was when he was seventeen years old, as a pupil in Geelong Grammar School in Melbourne, Australia.) Not

everyone was happy with this latest visit, including former Prime Minister Somare, who expressed dismay at his exclusion from the official ceremonial program, saying that it showed a lack of respect and common courtesy on the part of the PNG government (*Sunday Chronicle*, 4 Nov 2012).

During a meeting at Alotau in Milne Bay Province, which led up to the formation of the People's National Congress-led government, coalition partners signed a key government development blueprint called the Alotau Accord. In the November budget session of Parliament, the government allocated K753 million to the development budget, per the Alotau Accord commitments. The development budget is mostly for infrastructure maintenance and design work throughout the country. The government's spending on education also increased by K483.5 million to K1.8446 billion under the 2013 budget (*The National*, 23 Nov 2012).

During the year, one of the biggest environmental debates was that concerning deep-sea mining. Besides the multibillion-dollar LNG project, deep-sea mining is a new frontier that has gained interest from other countries such as the United States. Civil society groups, customary landowners, academics, university students, and the general public argue that the environmental costs of deep-sea mining are unknown and could be catastrophic. However, prospective developer Nautilus Minerals Inc of Canada, which has spent millions of dollars exploring the sea floor of the Bismarck Sea, is adamant about mining the seabed, despite concerns raised about the environmental consequences of mining on marine ecosystems.

In 2011, the government granted the world's first deep-sea mining lease to Nautilus Minerals for the development of its Solwara 1 project in the Bismarck Sea. The mining lease was granted for an initial twenty-year term, and the PNG government exercised an option to take a 30 percent stake in the Solwara 1 project as a joint-venture partner. Currently, the government is in an ongoing dispute with Nautilus over whether the company has fulfilled its obligations under the lease agreement. In November, Nautilus announced that it was suspending operations because it had not resolved the dispute with the government and could no longer continue to fund the entire project without the expected PNG government capital infusion (Nautilus Minerals Press Release, 13 Nov 2012).

Ironically, Papua New Guinea is a member of the Coral Triangle Initiative, which in 2009 adopted a ten-year Regional Action Plan to protect coral reefs and other marine ecosystems. Issuing environmental permits for Nautilus to do deep-sea mining in the Bismarck Sea contradicted the agreement under the Coral Triangle Initiative and undermined the role of the Department of Environment and Conservation as the regulator of environment in Papua New Guinea (*Post-Courier*, 13 Nov 2012).

One of the most controversial cases on the list of high-profile scandals in the country occurred when the Citizenship Advisory Committee, chaired by the former Minister for Foreign Affairs and Immigration Ano Pala, bestowed PNG citizenship on an Indonesian citizen—alleged fugitive Djoko Tjandra—through a dubious process.

Contravening the requirements for citizenship under Papua New Guinea's Citizenship Act—which, among other things, requires a foreigner to be a majority business owner, have significant investments in the country, or have lived in Papua New Guinea for ten years or more—Tjandra, while seemingly evading prosecution for embezzlement in Indonesia, was flown into Papua New Guinea and immediately given citizenship on the illogical basis that it was anticipated that he would make future investments in the country.

Police Minister Nixon Duban confirmed that Tjandra was an Interpol fugitive and that, as a member of that international police organization, Papua New Guinea was obliged to detain and deport him. Questions about why this did not happen were raised in Parliament by Governor for Oro Gary Juffa. The Office of the Attorney General was tasked by the prime minister to investigate the manner in which Tjandra was granted PNG citizenship (*The National*, 23 Nov 2012).

The reopening of the Manus Island asylum seekers' detention center became another contentious issue in 2011 and in the early part 2012 when the Australian government announced its intention to consider Manus Island as an option to deal with the influx of boat people. A detention facility was first established in Manus in 2001 under the John Howard government's Pacific Solution and was closed in 2005 after completing the processing of asylum seekers held there.

National Capital District Governor Powes Parkop, who is originally from Manus Province, publicly opposed

the idea as a fundamental breach of human rights to keep people under detention. The Manus Provincial Government, on the other hand, was excited by the economic opportunity that the Regional Processing Center would bring to the province. However, the provincial government's concurrence came with a list of economic expectations and demands. Former Governor of Manus Michael Sapau expressed his opinion that major infrastructure development such as bringing the airport up to international standards, rehabilitating schools, improving roads, and upgrading the public hospital must be carried out in return for reopening the center (*The National*, 26 May 2011).

In September, a memorandum of understanding was signed between Papua New Guinea and Australia for the transfer and processing of asylum seekers on Manus Island. PNG Minister for Foreign Affairs Rimbink Pato and Australian Trade Minister Dr Craig Emerson signed the agreement to build on existing strong and cordial relations, stating that the importance of combating people smuggling and irregular migration in the Asia-Pacific region is a shared objective. The Regional Processing Centre on Manus Island is seen as a deterrent to people smugglers (*The National*, 10 Sep 2012). Locals in Manus were frustrated by not being informed about issues surrounding the presence of the asylum seekers in their province and wanted contracts for services such as catering, security, building, and general labor opportunities to be given to them. The locals threatened to close the asylum seekers' center because they were not

being informed and consulted (*The National*, 23 Nov 2012).

A report from a study published by the Asian Development Bank (ADB) was not well received by the boards of some of the state-owned enterprises (SOEs) in Papua New Guinea, particularly the National Development Bank. The ADB study highlighted the fact that PNG SOEs absorbed an estimated K700 million in direct government transfers during the financial years 2002–2009, against which they generated a net profit of K500 million and of which only K23 million was paid to the treasury in the form of dividends (ADB 2012). The PNG SOEs are Air Niugini, Bemobile, Motor Vehicle Insurance Ltd (MVI), National Development Bank, Eda Ranu, PNG Ports Corporation, PNG Post Ltd, PNG Power Ltd, Telikom PNG Ltd, and Water PNG.

The study assessed the impact of the SOEs on the PNG economy and revealed that while they had produced net profits that were in the upper range of the SOE portfolios they had benchmarked, they had done so at a substantial cost to the government in terms of ongoing fiscal transfers and other subsidies. The study recommended that reforming SOEs in Papua New Guinea by placing them on a fully commercial and transparent footing would enable them to make a positive contribution to inclusive economic growth (ADB 2012).

The findings of the study were refuted by the National Development Bank, which claimed that it significantly improved operations and generated profits under the former managing director and now member of Parliament for the Yangoru-Saussia

electorate, Richard Maru. The study is timely, as most of the SOEs have become complacent over the years and need to improve not only in terms of generating profits but also, most important, in terms of service delivery at a reasonable cost to customers and the general public.

In September, Treasury Minister Don Polye announced that Papua New Guinea's domestic and foreign debt stood at K7 billion and that the Department of Treasury is reviewing the country's debt-management strategy to maintain it at a manageable level. However, Papua New Guinea continues to borrow, particularly from China, to fund its budget deficit. The government announced that it would be looking at both domestic and international financial markets to borrow K2.6 billion to fund the budget deficit (Nicholas 2012).

A number of challenges remain for Prime Minister O'Neill and his government in his first term. First and foremost is the urgency of settling the question of the supremacy of the constitution and Parliament. Doing so would more clearly define their respective jurisdictional powers and authority in order to avoid another political impasse in the future. Regrettably, the Supreme Court reference by the East Sepik Provincial Government on the legality of the then O'Neill-Namah government was withdrawn in February 2013, effectively diminishing any chance of a firm and final legal opinion on the issue. Further reducing the likelihood of any resolution of the question, the controversial amendments to the Prime Minister and National Executive Council Act and the Judicial Conduct Bill were repealed by Parliament, supposedly as a com-

promise with Somare in exchange for the National Alliance Party becoming a coalition partner in the government. As the political impasse led to divisions within the key state institutions, it is also imperative to amend relevant legislation governing the police and defense force as well as the public service to ensure their neutrality in the event of major political discord.

Second, there is a conspicuous trend of the lack of government attention to matters of national security and violation of state sovereignty. Over the past few years, Papua New Guinea has been labeled akin to a transnational crime haven for providing political protection to international fugitives. It is important for the government to swiftly and effectively deal with the Tjandra citizenship scandal and to penalize politicians and government ministers responsible for abusing national laws, compromising national security for personal interest and gain. The government must be committed to and seen to be serious about combating corruption, not only in the public service bureaucracy but also in the political ranks.

Third, improvement of the electoral roll management, voter registration and identification, and the implementation of a biometric system must begin immediately to ensure the success of elections in 2017. It is necessary also to revitalize the Electoral Commission by restructuring the institution and building the capacity of its managers. A key aspect of the change must come from a review of the obsolete Organic Law on the National and Local Level Government Elections. The electoral law must be brought up to date with the changing practices and political and social

dynamics in the society. A caveat is that the engagement of Huawei Technologies in the development of a biometric system must be reviewed carefully and preference be given to a company that has working experience and knowledge of implementing a biometric system.

The new thirty-month grace period augurs well for political stability, continuity, and the commitment of the government to adequately and effectively implement its goals set out in the Alotau Accord. Political stability and continued economic growth are paramount, and the government must ensure it does not devolve into a “kitchen cabinet,” given that a majority of the coalition partners are remnants of the previous government. There must be wider consultation and involvement of all relevant stakeholders in any major legislative and decision-making process.

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THE VIEWS EXPRESSED *in this review* are those of the author and do not represent those of his employer, the International Organization for Migration.

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