

Elections to forming Government and Applying a Sound Policy Agenda.

The 2007 Election process is nearly over, with a new Government to be formed. With horse-trading till the final hour, no-one can say the cat is in the bag until the vote. 24 hours is universally a long time in politics, but no-where more so than PNG with its weak party allegiances and generally undefined party policies. If forecasting election results for any seat was hard, so is forecasting who can muster the numbers to form government. Whilst marginally more predictable following recent legislation (e.g. OLIPPAC) last minute swaps of allegiances by MPs provide surprising outcomes.

This election, happily, has so far been relatively peaceful, but there remains strong concern by political scientists and the public that the process is deeply flawed. With a population estimated (from the 2000 Census) at little over 6 million, a Common Roll of 4 million is unrealistic, especially in a country with the majority under 18. Even if the roll was accurate, having such a substantial portion of adults finding their names missing (despite having registered), and in various constituencies whole communities apparently missing or severely reduced in numbers, with others highly inflated or with many “ghost” names, indicates major problems. In many Highlands constituencies local electoral officers and communities scrapped the Common Roll, although others carefully followed due process.

Clearly, a thorough review is required, with preparation for the next election starting more than 2 years in advance, and independent auditing of the roll to minimise error or any orchestrated abuse. Using independent observers merely during voting and counting is inadequate for addressing potential abuse in preparing the roll. There are various opportunities for abuse, with, for example, MPs having more room to influence district appointments since the 1995 Organic Law was enacted. All electoral systems are prone to difficulties, but in PNG there is a need for greater transparency and impartial oversight of the entire process to improve its public credibility. In 2007, as hitherto, some no doubt will take up seats in Parliament without a genuine mandate from the electorate. Unfortunately, some consider that any tactic is fair, with skill used in concealing abuse rather than winning fairly through following the rules. Whilst some candidates and supporters may excuse malpractice on the basis that it’s widely prevalent and requires reciprocal action, it is critical that the process is made more fail-safe, with less opportunities or grounds for abuse.

The next task will be forming a coherent government, with clear longer-term policies, formulated following wide community (including private sector) consultation, rather than behind closed doors, and then applied consistently, not ad-hoc. Parliament must be strengthened to perform its functions effectively on behalf of the public it serves, namely:

- overseeing government and holding it accountable, using well-informed and adequately-funded committees, as well as properly scrutinising and debating proposed legislation, rather than allowing Bills to be steam-rolled at short notice.

Government plans need vision, realism and focus beyond prospective five year government cycles. A recent article in the “Economist” magazine (21st July) entitled

“Left behind by Asia’s Rise”, observed that PNG has abundant resources and skills for agriculture, and ideal conditions “to be a tourism destination to rival Bali”, but that the high crime rate is a deterrent to coffee farmers and tourists. It noted that “an even bigger disincentive to all types of economic development is that everything in PNG is too expensive, does not work, or suffers both these flaws. The government continues to own and mismanage utilities that would be better off private. The IMF reckons that with reforms annual growth of 7-8% is possible, but Sir Michael seems too wedded to his traditions to allow that to happen if he is re-elected”.

It is up to the new government, whether led by Sir Michael or another, to demonstrate that it will look forward and embrace such reform as necessary to improve the opportunities for PNG’s population; not providing hand outs, but enabling access to education, information and opportunities to empower the community.

Over recent years the economy has improved, owing to some solid reforms, largely launched pre-2002, combined with sound fiscal management since then, but especially owing to fortuitous prices, especially for mineral exports, driven by increased demand from East and South Asia.

Growth, lending, investment and formal sector employment have increased (from very low levels); debt, inflation and interest rates have fallen (though inflation currently shows a worrying re-emergence). However, growth is neither sustainable nor adequate, with benefits concentrated in a few enclaves, and barely affecting most rural areas, where infrastructure, basic health, education and other services have widely deteriorated over the years, trailing population growth.

To become sustainable economic activity must be private-sector led, with opportunities spread widely through the economy, into diverse small-medium enterprises and informal sector. Government has an important role, not running businesses or offering special incentives, but applying suitable and consistent investment conditions for large and small investors alike.

Although investment conditions have improved, with funds being allocated finally to MTDS priorities, PNG’s economic potential has been restrained for years by failure to address fundamentals, notably: -

- law and order problems (themselves triggered by lack of opportunities);
- ensuring satisfactory roads and other infrastructure, including reliable and affordable tele-communications and utilities (e.g. power);
- public sector governance, including weak management, skills and coordination, and rigorously tackling (rather than denying) prevalent corruption, which seriously undermines development prospects. This requires minimising corruption opportunities (encouraged by excessive discretionary powers and lack of transparency) and applying firm penalties even-handedly on perpetrators, at all levels, providing effective deterrent;
- ensuring stable, internationally competitive investment conditions, minimising bureaucratic bottlenecks, applying contracts and title; and

- achieving universal primary and practical education and accessible health services, required for a healthy and skilled population, able to meet private and public sector demands, including for the majority in the informal economy.

The State's role is setting and overseeing the rules and concentrating on providing essential public goods and services, like policing, transport infrastructure, most education and health services, plus specialist functions like agricultural and medical research, including through partnership arrangements, with churches and investors like PNGSDP, or contracting out functions, like urban refuse management.

The State's role with commercial services, including telecommunications, aviation and most utilities, is to ensure competition and fair-trading, rather than running services itself. State-owned enterprises have performed badly for years, with appointments of unsuitable cronies to top positions, and lack of accountability to the public and customers alike. Genuine competition is the strongest impetus for performance, with no justification for the State retaining monopolies on main air-routes, phone/internet/data or mobile services, where poor performance has undermined economic and social development for years. Whilst an independently-run "future fund" has merit, the State should avoid holding equity, which undermines its regulatory role.

If the State was a private business its shareholders would have demanded better performance, or allowed a takeover. Systems for public accountability must be firmly reinforced, not just through five-yearly Elections. The watchdog and enforcement bodies (including PAC, Ombudsman, Auditor-General) must have teeth and adequate funding. The new government must make the NRA operational, assist the informal economy (including suitable market infrastructure and skills training) and establish credibility in land administration, (including a full inquiry into past land dealings). Major focus must entail removing constraints to agriculture, allowing greater viability and opportunities, rationalising sector institutions and ensuring their accountability to producers, but government must avoid trying to run the sector. Finally natural resource management standards require improvement...or tomorrow's resources will be exhausted today!.