3. Background to the 2007 Election: Political Developments

R.J. May and Ray Anere

Papua New Guinea’s sixth post-independence election in 2002 was widely described as the worst in the country’s history (see Siaguru in Post-Courier 28 June 2003; Chin 2003; Gelu 2003; May 2003; Standish 2003). It was marked by inaccurate—often grossly inaccurate—electoral rolls, widespread voting irregularities and manipulation (sometimes by electoral officials), intimidation of voters, hijacking of ballot boxes, and violence among rival candidates and their supporters and in a few instances against polling officials. There were a number of election-related deaths. In Enga Province, ballot boxes held for safekeeping in a metal container outside a police station were bombed with drums of aviation fuel, and in Southern Highlands Province, elections in six of the province’s nine electorates were declared ‘failed elections’ when officials became unable to control the election. The problems were concentrated in the volatile highlands provinces, but were not confined to the highlands.

The 2002 election was also the first to be held under the new Organic Law on the Integrity of Political Parties and Candidates (OLIPPAC) and the last to be held under the first-past-the-post (FPTP) voting system, which had replaced an optional preferential system under the colonial administration. The introduction of the OLIPPAC—which was intended to strengthen political parties and give greater stability to government—and amendment of the Organic Law on National and Local-level Government Elections to effect a shift from FPTP to limited preferential voting (LPV) were among measures which had been introduced by the government of Sir Mekere Morauta (1999–2002), in a bid to ‘to restore integrity to our great institutions of state’.

Despite the turbulence of the 2002 election, results were declared in 103 electorates, and in August 2002 the national parliament met and Sir Michael Somare, as the leader of the party with the largest number of endorsed candidates—the National Alliance (NA), with 19 members of parliament (MPs)—was invited to form a government. Somare was duly elected as prime minister, securing 88 votes to nil (with 14 abstentions). He headed a coalition of 13 parties and 20 independents. Morauta became leader of the relatively small opposition coalition.

A legacy of the electoral difficulties of 2002 was a determination by the government and donors—specifically the Australian Agency for International
Development (AusAID)—to ensure that the capacity of the government to run free and fair elections was strengthened before 2007. As part of this, in 2005 phase 2 of an AusAID-funded Electoral Support Program was mobilized to assist the Electoral Commission and help undertake electoral awareness, and in 2006 the government established an Inter-departmental Electoral Committee to coordinate the government’s efforts across all relevant departments and agencies (see chapters 1, 2, 4 and 5).

Parliamentary politics 2002–2007

Under the OLIPPAC, measures were introduced to counter the fluidity of parliamentary politics which had marked the previous two decades. Popularly known as ‘yo-yo politics’, this had been characterized by constant shifting of MPs between parties, frequent shifts of parties in and out of coalitions, and regular motions of no confidence in the government of the day. In an attempt to promote greater political stability, the OLIPPAC provided for the registration and public funding of political parties and introduced measures to restrict ‘party hopping’. These provisions, together with the numerical dominance of the Somare-led coalition, appeared to put the incoming government in a very strong position—and in fact the Somare government of 2002–2007 went on to become the first, since the Somare government of 1972–1977, to survive a full term in office. But neither the legislature nor the executive was particularly stable.

As early as June 2003, amid rumours of faction fighting within the coalition and even within the NA, there were changes in cabinet, with seven portfolios changing hands, and this was followed in August by a more substantial reshuffle.

Nor was fractiousness confined to the government: in December 2002, after Morauta had sought to change the name of the People’s Democratic Movement (PDM), PDM deputy leader and member for Bulolo Open, John Muingepe, viewing the changes...
announced that Morauta had been dismissed from the leadership of the party, in favour of its founder Paias Wingti, and that he, Muinepe, was now leader of the parliamentary opposition. Morauta disputed this and called on the registrar of political parties and the Ombudsman Commission to investigate Muinepe’s actions. The registrar of political parties subsequently ruled in favour of Morauta.

Then, towards the end of 2003, Prime Minister Somare sought, ostensibly in the interests of furthering parliamentary stability, to extend the grace period after an election, during which a prime minister could not be subjected to a vote of no confidence, from 18 months (already extended in 1991 from an original six months) to 36 months. A bill to make the required amendment to s. 145 of the constitution passed a first reading in the national parliament in September 2003, but on the eve of the decisive second reading of the bill, Morauta announced that the opposition would vote against the amendment, which he said had not been adequately scrutinized. The parliamentary leader of the People’s Progress Party (PPP) and deputy prime minister, Allan Marat, was also opposed to the amendment. In October, as a result of differences within the PPP, Marat was removed from the PPP parliamentary leadership by the party caucus (an action which he challenged unsuccessfully in the National Court), and having been confirmed as deputy prime minister by Prime Minister Somare in October he was removed from the position the following month. Marat’s successor as PPP leader, Andrew Baing, became deputy prime minister in November 2003.

In the days prior to this there had been a burst of activity among the smaller parties. The United Resources Party (URP), which had one member (Sam Akoitai) after the 2002 elections, had increased its number to 14 (mostly through the absorption of the ‘Kimbe Group’ of independents led by Milne Bay Governor Tim Neville—who became the party’s new leader in November—but also through amalgamation with two smaller parties, the Pan Melanesian Congress (with two members) and the Advance PNG Party (with one). The URP, now the second largest party in the coalition, had reportedly signed a ‘declaration of partnership’ with four other parties to form a coalition within the governing coalition. While the group spoke in terms of unity and stability, however, it was clear that there was among them some opposition to the s. 145 amendment. In the event, when the parliamentary vote was taken in late November, three parties (URP, PPP and People’s Labour Party [PLP]) split on the issue, and the government narrowly fell short of the two-thirds majority (73 votes) needed to pass the bill.

Andrew Baing, who had voted against the amendment, was sacked from the deputy prime ministership. He was replaced by People’s Action Party leader Moses Maladina, who became the third deputy prime minister in a month. Several other ministers lost portfolios.
A second vote in December 2003 again failed, and in May 2004 Somare announced he would not pursue the amendment.

In accordance with the OLIPPCAC, the speaker disallowed the votes of those members who were deemed to have voted against their parties’ resolutions, and notified the registrar of political parties that they ‘may have contravened’ s. 65(1) of the OLIPPCAC. On advice from the attorney general and private lawyers, the registrar of political parties subsequently referred the members, who were ‘deemed to have resigned’ from their respective parties, to the Ombudsman Commission for investigation. But there was no further action on the matter.2

With the grace period coming to an end in February 2004, and several parties split (in addition to the URP,3 PPP4 and PLP, Pangu5 and even the two-MP Christian Democratic Party had fractured), there was talk in late 2003 of a vote of no confidence against Somare. In response, in January 2004, soon after parliament had resumed after the Christmas break, the government adjourned parliament to 29 June. The Ombudsman Commission, describing the government’s action as ‘dangerous’ and a ‘bad example’, told the government that if it did not recall parliament by mid March the commission would initiate a court challenge—which it subsequently did. (In the event, the parliament met briefly in April to receive nominations for the election of the governor-general.) January 2004 also saw a minor cabinet reshuffle.

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2 As explained by the Registrar of Political Parties, Paul Bengo, since the government rescinded the second reading of the bill before a vote was actually taken, no misconduct had occurred (see Post-Courier 22 January 2004). However, in May 2004 the Ombudsman Commission was said to be investigating eight MPs who had voted against party resolutions.

3 In January 2004 Bengo ruled that Akoitai was the only parliamentary member of the URP—the later joiners not having paid party fees—and voided Neville’s leadership. This view was upheld in a ruling by the acting speaker of parliament, Jeffrey Nape, in July, leaving Neville and the other MPs who had joined URP after the election, and were in the opposition, as ‘effectively independent MPs’ (Post-Courier 27 July 2004). Confusingly, however, in November it was reported that Bengo had ruled that Neville was the leader of the URP.

4 In December 2003, five PPP members, including deputy party leader Paul Tiensten and former party leader Marat, voted for the s. 145 amendment. Baing, as party leader, served a summons on the five for voting against a party resolution. The five countered by electing Tiensten as party leader. The PPP national executive promptly expelled Tiensten. However, Nape recognized Tiensten as party leader. Shortly after this, in January 2004, Baing was referred to the Ombudsman Commission for alleged misconduct in office. Two months later Nape called on the prime minister to dismiss Bengo for his ‘indecisiveness’ in the handling of the PPP leadership dispute issue. In November 2004 Bengo reportedly confirmed Baing’s leadership, but in June 2005 Nape ruled in favour of Tiensten. The dispute continued up till June 2006, when Baing was suspended pending the outcome of a Leadership Tribunal inquiry (which subsequently recommended Baing’s dismissal). Byron Chan, son of PPP founder Sir Julius Chan, took over the parliamentary leadership.

5 One faction, led by Sir Rabbie Namaliu, supported Somare; the other, smaller, faction, led by Chris Haiveta, was in opposition. In February 2004 the Namaliu faction announced that Namaliu had been elected party leader; this was refuted by Haiveta who claimed that Namaliu and his supporters had been expelled from the party. Both the registrar of political parties and the speaker recognized Namaliu as party leader, but the matter was referred to the National Court, which in October 2004 ruled in favour of Haiveta.
Tensions also became apparent about this time within the People’s National Congress (PNC), the party established by former prime minister Sir William Skate. In February, Skate confirmed that the PNC supported Somare, but there were reports of a leadership challenge coming from Peter O’Neill, whose one-MP People’s Solidarity Party had merged with the PNC in 2002.

In early May 2004, 14 opposition MPs, led by Neville and Wingti, voted to remove Morauta as opposition leader in favour of Andrew Baing. The registrar of political parties promptly released a statement recognizing Morauta as leader of the opposition, pending a ruling by the speaker, but in mid May Morauta and the majority of his Papua New Guinea Party (PNGP) joined the government, effectively ruling out a successful vote of no confidence. Three days later parliament was adjourned again and in another major reshuffle Maladina was dropped as deputy prime minister and the PNC was expelled from the ruling coalition. Prime Minister Somare also announced the creation of several additional ministerial and vice ministerial positions, a move which was challenged by Wingti, who called on the Ombudsman Commission to investigate the ‘rogue Prime Minister’. In April the People’s Action Party (PAP) and the NA had confirmed their partnership, but the following month some members of PAP reportedly joined an opposition group meeting in Alotau. Parliament resumed briefly in late May to re-elect a governor-general (see below), and voted to remove Skate as speaker and elect Jeffrey Nape (unopposed) as his replacement. A challenge by Skate was dismissed by the Supreme Court.

When parliament eventually resumed in late June 2004 it was clear that a motion of no confidence was forthcoming, even though the ombudsman, Ila Geno, urged ‘the registered political party executives, various lobbyists and parliamentary leaders of political parties to exercise restraint from getting into the habit of luring members of parliament with material promises and/or benefits’ (Post-Courier 5 July 2004). There were reports of a ‘groundswell of numbers’ within the opposition, and of individual MPs crossing the floor in apparent disregard of the OLIPPAC. The leader of government business, Patrick Pruaitch, was quoted as saying, ‘Opposition MPs are carrying on as if the Organic Law on [the Integrity of] Political Parties and Candidates does not exist’ (Post-Courier 6 July 2004). The opposition camp in Alotau claimed about 40 MPs including four government ministers, prompting the leader of the pro-government faction of PPP, Paul Tiensten, to complain that MPs were being ‘hijacked’, contrary to s. 74 of the OLIPPAC, and that by not intervening the registrar of political parties was not doing his job (Post-Courier 12 July 2004). The recently appointed opposition leader Baing having been referred to the Ombudsman Commission in January, the opposition caucus voted to nominate
Paias Wingti as alternative prime minister in a vote of no confidence, but it was not a popular choice, and Wingti subsequently stepped down in favour of Peter O’Neill.

On 7 July, the opposition submitted notice of its motion of no confidence, only to have it rejected, on a technicality, by the government-dominated Parliamentary Private Business Committee. The opposition amended and resubmitted the notice, and filed the Supreme Court for a reference to validate the notice; however, the government again suspended parliament, till 26 July. A frustrated and angry O’Neill declared that the opposition would boycott parliament until Somare and Nape were removed from office. Meanwhile, with MPs continuing to cross the floor, the registrar of political parties complained that, ‘The majority of the members of Parliament do not understand the provisions of the Organic Law’ and said that parties ‘continuing to cause headaches’ could be recommended for deregistration (Post-Courier 19 July 2004).

After meeting for a few days at the end of July, and amid claims that some MPs had carried firearms into the national parliament, parliament was again adjourned, from 3 August to 2 November 2004, thereby again forestalling a vote of no confidence, though the chief ombudsman threatened court action against the parliament, which he said was breaching the constitution by failing to meet for the required 63 days in the parliamentary year. Opposition leader O’Neill accused Somare of attempting to establish an Indonesian-style ‘guided democracy’ in Papua New Guinea (The National 6 August 2004). It was also reported that the Ombudsman Commission would look into the membership of the Parliamentary Private Business Committee following its rejection of two motions of no confidence (see Post-Courier 2 August 2004).

Following the adjournment of parliament, Somare removed PAP leader Maladina (who had been sacked in April but had subsequently been reappointed) as deputy prime minister, accusing him of plotting against the government. Maladina had said he would resign from government because the PAP was not happy with ‘a lack regard for our standing within the coalition’.

When parliament met again in November 2004, the opposition vowed to pursue its vote of no confidence, but there were also talks between government and opposition leaders about the possible formation of a ‘grand coalition’. In the event, the grand coalition did not eventuate, nor did the no confidence motion proceed, and in late November, after passing the budget, the house adjourned again, this time for three months.

6 In July Somare had removed all opposition MPs from the Parliamentary Private Business Committee, effectively enabling the government to block motions of no confidence.
Meanwhile, MPs continued to switch parties and cross the floor with apparent impunity, and most parties remained split. In late October 2004, the National Court ruled that opposition-aligned Chris Haiveta was the parliamentary leader of Pangu, but that the expulsion of former prime minister Rabbie Namaliu, and two other pro-government Pangu MPs was invalid; this reversed earlier decisions by both the registrar of political parties and Speaker Nape who recognized Namaliu as leader. Pangu’s MPs were directed to meet and elect a new leader. The National Court also expressed concern that a number of party constitutions (such as Pangu’s) did not conform to the OLIPAC.

In November 2004, Southern Highlands Governor Hami Yawari moved to the government ranks, bringing the number of PNGP members in government to seven, with two remaining in opposition. The two-member opposition-aligned Christian Democratic Party had also split, with Banare Bun joining the PNGP in government. Within the PAP, following his removal from the deputy prime ministership Maladina was reported to have been replaced by Brian Pulayasi (Post-Courier 4 August 2004). In 2007 Maladina stood for re-election as the leader of a new party, the Rural Development Party (RDP). In the PNC there was talk of a split between party founder Skate and newcomer O’Neill, but the party held together, with Skate moving to the middle benches early in February 2005. Skate subsequently left the party, without objection from either the party or the registrar of political parties. O’Neill took over the party leadership. Skate died in January 2006. Rumours of a ‘planned merger’ of Pangu, PNGP and the Melanesian Alliance did not eventuate.

For several months after the August 2004 removal of Maladina there was no deputy prime minister. In May 2005, following an appeal to the National Court by Morobe Governor Luther Wenge, the Supreme Court directed the prime minister to fill the position. The following month Sir Moi Avei, parliamentary leader of the Melanesian Alliance, became the fourth deputy prime minister since 2002; four months later he was suspended from office pending the outcome of a Leadership Tribunal. He was replaced by Don Polye, in an apparent attempt to attract Highlands support for the government as it approached the 2007 election.

Amid continuing rumours of a possible split within the NA, in early 2006 there was a falling out between Somare and Bart Philemon. Philemon, as minister for finance, had been a major architect of the government’s improved fiscal management, but his disciplined approach had not always been welcomed by MPs seeking funds to appease their electorates. In 2006, Philemon lost the finance portfolio, which was given to Namaliu, and Philemon and Somare clashed over the issue of succession to the NA party leadership. Philemon went on to form his own party, the New Generation Party (NGP), and contested the election under this banner, strongly opposing the NA (see chapter 9).
In August 2006, the registrar of political parties announced that 14 parties were to be deregistered for failing to submit financial returns and lists of members. By this time, however, new parties were beginning to emerge, among them the Melanesian Liberal Party led by former PPP leader Allan Marat, the PNG Conservative Party founded by former PNGP member Hami Yawari, Maladina’s RDP, and Philemon’s NGP. (A detailed discussion of political parties in the 2007 election will be found in chapter 9).

In the final run-up to the 2007 election, OLIPPAC notwithstanding, there was continuing evidence of party fluidity: in May 2007 former PNG National Party leader Melchior Pep defected from the party and joined the RDP, and PNGP leader Morauta claimed that three candidates registered and endorsed as PNGP members had nominated under other party banners, prompting Bengo to warn that the election of party-hopping candidates could be declared null and void.

When parliament rose in May 2007 the Somare government had survived a full term. But arguably this was achieved at a cost to parliamentary performance. Lengthy adjournments of parliament did not begin with the Somare government, but they were certainly exploited to avoid votes of no confidence during the seventh parliament 2002–2007. And the large majority which Somare had obtained in the vote for prime minister in 2002, notwithstanding the limited effect of the OLIPPAC on the stability of political parties during the parliamentary term, put the executive in a strong position to dominate parliamentary outcomes. As a result, (apart from the opposition boycott in 2004) MPs commonly missed sittings, the legislative output of the parliament was poor, and what legislation was passed was often not subjected to due scrutiny.7

By-elections

Between 2003 and 2006, 10 by-elections were held to fill seats which became vacant through the death or dismissal of sitting MPs.8 All these by-elections were conducted under the new LPV system.

The first, in Abau Open in 2003, followed a successful appeal against the election in 2002 of Puka Temu (see chapter 15). Temu won the by-election on a distribution of preferences, having secured 49 percent the primary vote. In 2004, there were a further five by-elections. In Angalimp-South Wahgi Open, a by-election following the death of the recently elected MP Paul Wai was won

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7 For a comment on parliamentary performance see, for example, Post-Courier 25 April 2006.
8 In two other instances, in 2003 the Supreme Court overturned National Court decisions in favour of appeals against sitting members (Ben Semri in Middle Ramu and Robert Kopaol in Nipa-Kutubu), reversing the declaration in favour of the petitioner in the first instance and quashing the order for a by-election in the latter.
by PNG Country Party leader, Jamie Maxtong-Graham, who came from behind after the first preference count, in which he gathered less than 9 percent of the vote. (After being elected, Maxtong-Graham applied to join PAP but was rejected by PAP MPs and subsequently joined the PPP.) In Chimbu Provincial, the death of the sitting member and governor, Father Louis Ambane, led to a by-election which was won by Peter Launa, who was endorsed by the URP. In Yangoru-Saquasia, Bernard Hagoria lost his seat after being found guilty of misapplying public funds; the subsequent by-election was won by Peter Waranaka, an NA candidate. In Moresby North-East Open, the sitting member, Casper Wollom lost his seat as the result of a successful dispute but regained it on a preference count in a by-election in which he secured 16 percent of the primary vote. Wollom contested as a PDM candidate in 2002 but stood in 2004 for the PNC and, having been elected, defected from the PNC and joined the government. Similarly, in Wabag Open Sam Abal, son of former MP Sir Tei Abal and an NA candidate, was returned after a court of disputed returns had voided his win in the 2002 election. Abal secured 38 percent of first preferences. In 2006 four by-elections were held. In Bougainville Provincial there was a by-election following the resignation of the sitting member John Momis to contest the Bougainville Autonomous Government election; the by-election was won by former Bougainville separatist leader Leo Hannett, who stood as an independent and gained 38 percent of the primary vote. In the National Capital District a by-election for the seat left vacant following the death of Sir William Skate was won, controversially, by Port Moresby businessman Wari Vele of the NA, who defeated Janet Sape and Powes Parkop. In Koroba-Lake Kopiago Open a petition against the election of the sitting member, Petrus Thomas, was eventually upheld and in the ensuing by-election independent John Kekeno was successful. And in Chuave Open, Jim Nomane was elected as an independent following a successful dispute against the election of David Anggo.

Though polling in the 10 by-elections was not without incident, they were generally seen as having been conducted successfully (see Institute of Policy Studies et al. 2004; Standish 2006), confirming the workability of the LPV system, despite some lengthy delays in the counting of preferences.

**Political issues and policy context 2002–2007**

**Continuing public sector reform**

On coming to office in 2002, Prime Minister Somare quickly made clear his intention to maintain the previous government’s commitment to policies of recovery and public sector reform. In August 2002, faced with a deteriorating
fiscal situation, the government introduced a Program for Recovery and Development which identified as its three main objectives: ‘good governance; export-driven economic growth; and rural development, poverty reduction and empowerment through human resource development’. As a framework within which to pursue this program, and after extensive discussion, the government presented a revised Medium Term Development Strategy (MTDS) for 2003–2007 to replace the MTDS 1997–2002. This was subsequently replaced by an MTDS 2005–2010. The government also announced a Strategic Plan for Supporting Public Sector Reform in Papua New Guinea 2003–2007, which superseded the Morauta government’s Medium Term Plan of Action for Public Sector Reform. In presenting the 2004 budget, the then minister for finance and treasury, Bart Philemon, announced that the government’s reform agenda would be supplemented by a new focus on improving the management and control of public sector employment and expenditures; restoring the integrity of budget institutions and systems to improve budgetary discipline; and reviewing the role, functions, and outputs of each spending agency to achieve improved allocative and technical efficiencies in public expenditure. Among new measures described by the minister were a performance management system for departmental heads, a medium-term budget framework, an integrated financial management system, and the creation of a budget screening committee.9 The government’s procurement processes were centralized under a Central Supply and Tenders Board.

Reforms in public administration, however, failed to overcome a number of problems of poor governance, including recurring financial mismanagement, politicization of the public service (there were frequent complaints of a ‘Sepik tsunami’ among senior appointments), and a high turnover in senior public service positions. In 2006 Public Service Minister Sinai Brown lost his portfolio after removing three departmental heads (from finance, personnel management, and national planning and monitoring), as well as the acting provincial administrator of the Southern Highlands, without cabinet approval. Brown’s decisions were reversed, but there was further turnover of senior appointments, several under controversial circumstances.

It is tempting to suggest that these reform initiatives were stronger in rhetoric than in delivery, but, assisted by more favourable external conditions, the commitment to improving public sector performance helped to restore confidence in the government’s economic management and from 2005 there was a new inflow of foreign investment.

The economy

Despite the economic recovery measures introduced by the Morauta government, the incoming Somare government inherited a bleak economic situation. Mining operations at Ok Tedi and Porgera had been temporarily closed down, due to drought which made the Fly River un navigable in the Ok Tedi case and clashes with landowners in the case of Porgera. A proposed gas pipeline between Papua New Guinea and Queensland, on which economic hopes had been largely pinned, suffered a setback when the biggest Australian potential customer pulled out (the project was later abandoned), and mining and petroleum exploration were at an all time low. Commodity prices had slumped and the international value of the kina sunk to a record low point of US$0.19 in November 2002. The Somare government, faced with a growing deficit and substantial public debt, responded with a supplementary budget which initiated severe budget cuts in 2003.

After three years of negative growth (2000–2002), gross domestic product (GDP) growth rates were positive in 2003 and 2004 (averaging 2.5 percent), and with a surge in mineral exploration and revenues—including the announcement of Chinese investment in the US$650 million Ramu Nickel project and start-ups at the Kainantu, Hidden Valley and Wafi gold and copper mines—GDP rose 3.9 percent in 2005, 2.3 percent in 2006 and an estimated 7.2 percent in 2007. By 2004 the kina had recovered to US$0.31.

Then in 2007 came news that a multi-billion-dollar liquefied natural gas project, drawing on proven reserves in the Southern Highlands and Western Provinces, was being planned, with construction likely to commence in 2009–2010 and production to come on stream in 2014. The development was said to have the potential to double Papua New Guinea’s GDP.

As the 2007 election approached, perceptions of Papua New Guinea’s economic prospects were thus improving dramatically—though a few commentators were warning of the need for realistic expectations and responsible financial management.

ELECTING THE GOVERNOR-GENERAL

In September 2003, Sir Albert Kipalan was voted in as the country’s new governor-general. However, the assistant clerk of the national parliament was reported as saying that the vote was procedurally flawed, and the Ombudsman Commission announced it would look into the election and might refer the issue to the Supreme Court; the Ombudsman Commission was supported in this by the state solicitor. In November, the speaker of the parliament announced that Kipalan was to be sworn in, but a week later the Supreme Court declared the
election void. In a new vote, Sir Pato Kakaraya was elected, defeating Kipalan and Sir Paulius Matane, and his name was passed on to Buckingham Palace. The election result was contested by Kipalan, who claimed there had been a breach of voting procedures and undue influence on some MPs (at least one MP alleged that attempts had been made to bribe him). In March 2004 the Supreme Court ruled that the nomination process had been flawed and voided Kakaraya’s election. Finally, in May a further election was held and this was won by Matane, who was duly sworn in. A challenge by Kakaraya was dismissed by the Supreme Court in December 2004.

As speaker of the national parliament, Skate became acting governor-general in October 2003, and remained in that position throughout the subsequent deliberations. However, in May 2004 he announced that he was stepping down to resume the speakership, precipitating what was described at the time as a ‘constitutional crisis’. In the event this situation was resolved by the election of Matane.

Bougainville

Under the Bougainville Peace Agreement of 2001, progress was made towards reconciliation and reconstruction, and in December 2004, after a controversial challenge by the attorney general, Francis Damen, the draft Bougainville Constitution was approved by the NEC. Preparations began for the first election to the Autonomous Bougainville Government (ABG) in May 2005. John Momis, the Bougainville Provincial member, resigned after 33 years in the national parliament to contest the election. Before his death in July 2005, Me’ekamui leader Francis Ona opposed the ABG election, but in the event some Me’ekamui supporters took part and the election was conducted peacefully. The successful candidate was former North Solomons provincial premier and president of the separatist Bougainville Interim Government Joseph Kabui. Momis subsequently became Papua New Guinea’s ambassador to China.

Privatization

The controversial privatization of state enterprises, supported by the World Bank and pursued under the Morauta government, had led to the sale of a 75 percent interest in the Papua New Guinea Banking Corporation to the Bank of South Pacific and the divesting of the government’s interest in Orogen Minerals Ltd (a public company floated in 1996 which took over a substantial part of the government’s equity in mining and petroleum companies operating in Papua New Guinea). In the face of widespread popular opposition to privatization, the incoming government suspended the policy, calling off a nearly completed sale of Telikom PNG to Fiji’s privatized telecommunications corporation and
refusing an offer from a Zimbabwean company, and suspending moves to sell off Air Niugini and the PNG Habours Board. A commission of inquiry into the sale of the Papua New Guinea Banking Corporation to the Bank of South Pacific was initiated; in July it reported, raising questions about the adequacy of procedures surrounding the sale.

Under the Somare government, privatization was to be maintained as part of the public sector reform program, but ‘on the basis of a public-private partnership approach’ geared to ‘the long-term interests of the Papua New Guinean community’ rather than ‘the short-term financing requirements of the National Budget’. The Independent Public Business Corporation (IPBC) established by the Morauta government to implement privatization policy was to be maintained, but as a ‘long-term asset manager’ with the task of seeing that state-owned assets were rehabilitated and service levels improved, and an Independent Consumer and Competition Commission was created to regulate public utility services and prices. The activities of the IPBC were not without controversy during 2002–2007, but the privatization issue was defused and some turnaround was achieved in the performance of the corporatized commercial statutory authorities.

The entry of Digicel to the telecommunications sector, under the newly announced policy of competition, notwithstanding some government obstruction, saw a rapid expansion of mobile phone use which not only boosted GDP but also impacted on electoral behaviour in 2007.

Forestry

The forestry industry was again a source of controversy in 2002–2007. In 2003 a World Bank-supported Forestry and Conservation Project, initiated in 2001 and involving a World Bank loan of US$17 million and grants from the Global Environment Facility amounting to a further US$17 million, was suspended by the World Bank after the Papua New Guinea Government failed to comply with conditions concerning sustainable harvesting and social and infrastructure obligations to customary landowners. In 2005, the World Bank’s requirements not having been satisfactorily addressed, the project funding was withdrawn.

The same year, proposed amendments to the Forestry Act 1991, which had been opposed by environmental and landowner groups, failed to go through parliament. The amendments would have given the National Forest Board power to suspend provincial forest management committees and revoke mandatory consultations between the National Forest Board and customary landowners and provincial governments.
Police

Security problems during the 2002 election highlighted ongoing issues of capacity and morale within the Royal Papua New Guinea Constabulary (RPNGC). In February 2004, the minister for Police and Internal Security, Bire Kimisopa, initiated a review of RPNGC operations and management. The review, headed by the president of the Police Association, Robert Ali, reported in November 2004, concluding that ‘policing was close to total collapse’ in many parts of the country and identifying an ‘almost total failure of discipline’. It made a number of recommendations, including a shift to community policing, but follow-up action was initially largely overtaken by the arrival, and subsequent departure, of Australian police officers deployed under the Enhanced Cooperation Program (see below). However, in early 2005 Kimisopa warned senior RPNGC management against failure to implement the recommendations of the review. Kimisopa himself was under fire in the national parliament for proposing to disband police mobile units and tactical and rapid response units, as recommended by the review.

In August 2006, it was reported that the police commissioner, Sam Inguba, was under scrutiny over allegations that he had blocked an investigation by the police Serious Crimes Unit. Despite support for Inguba from the Police Association and the minister for Internal Security, his contract was not renewed and charges were laid against him (but subsequently withdrawn). Deputy Commissioner Tom Kulunga was appointed acting commissioner, but he was removed soon after in the wake of the ‘Moti affair’ (discussed below), though he appealed his dismissal to the National Court. Deputy Commissioner Gari Baki, who had been controlling the state of emergency in the Southern Highlands, was also charged, with ‘spreading disaffection within the force’, and suspended. Assistant Commissioner Fred Sheekiot became the new acting commissioner, but he too was removed when suspended by acting deputy commissioner Tony Wagambie. Finally, in December Baki was appointed as commissioner, and remained in the position to oversee the 2007 election.

Instability was not confined to the position of commissioner. In April 2006, Kimisopa lost the Internal Security portfolio, in what was generally seen as a demotion. His place was taken by Alphonse Willie, but shortly after, Willie was also removed—a casualty of the Moti affair.

On becoming commissioner, Baki moved to set up an operation to investigate allegations of involvement in corrupt practices and links to Asian crime by senior police officers and personnel in other government agencies, including the Department of Foreign Affairs and the Internal Revenue Commission.
The bitter factional infighting and obvious politicization of the police commissioner’s position did nothing to strengthen the RPNGC’s capabilities or raise police morale as they faced the daunting task of delivering a peaceful election—especially after the chair of the Parliamentary Permanent Committee on Law and Order announced that his committee would recommend deferring elections for 12 months due to the worsening situation in the Highlands.

Southern Highlands Province

The failure of elections in six of the Southern Highlands Province’s nine electorates in 2002 was symptomatic of the general breakdown of law, order and governance in most parts of the province which had been ongoing for several years (see Haley and May 2007). An independent audit of the provincial government’s finances in 2003 confirmed the extent of the breakdown of governance, but there was little follow-up and no prosecutions at that time. Crime and political violence often prevented the delivery of government services, drove businesses away, and threatened the viability of the oil and gas projects from which the province, and the nation, hoped to derive wealth but which in fact had brought escalating inter-group competition for royalties and compensation. Teachers and other public servants were leaving their positions and public facilities had closed down. Police, for the most part, were outnumbered and outgunned and ‘warlords’ controlled large parts of the province. Elected leaders often spent more time in Port Moresby than in their electorates.

Prime Minister Somare’s repeated promise to create a new Hela Province within the Southern Highlands Province—a move strongly opposed by the man elected as governor in 2003, Hami Yawari—created additional tensions in the province.

In June 2006, the Ombudsman Commission referred Governor Yawari to the public prosecutor for alleged breaches of the Leadership Code (specifically, misappropriation of public funds), and with the governor suspended, on 1 August the national government declared a state of emergency in the Southern Highlands. Most Southern Highlands MPs supported the declaration, particularly opposition leader Peter O’Neill (the member for Ialibu-Pangia), who had earlier expressed concern at the build-up of weapons in the pre-election period. Yawari, on the other hand, condemned the move and threatened to block the proposed gas pipeline to Queensland.

With the state of emergency in place, and some 760 police and Papua New Guinea Defence Force (PNGDF) personnel brought into the province, a degree of order was imposed: stolen government vehicles were recovered and illegal residents evicted from government housing; several provincial officials were at last prosecuted (though Southern Highlanders observed that the guilty bigmen avoided prosecution), and some weapons were surrendered. A member
of the parliamentary committee overseeing the state of emergency said that the committee had uncovered ‘a jungle of corruption never seen before’ (Post-Courier 19 October 2006). The successes of the operation were marred, however, by poor logistics and frequent lack of discipline on the part of police and soldiers.

The state of emergency was extended by the national parliament several times but lapsed in January 2007, and Yawari resumed his governorship. The charges against him were subsequently dismissed for ‘lack of evidence’, but a new provincial administrator, William Powi—a senior bureaucrat with experience in Waigani—was appointed by the NEC to replace Yawari’s appointee. (For an account of the special police operations in the Southern Highlands during the 2007 election see chapter 6.)

Decentralization

By 2002 there seems to have been general agreement that the decentralization ‘reforms’ embodied in the 1995 Organic Law on Provincial Governments and Local-level Governments (OLPGLLG) had not delivered the intended benefits. In a foreword to the Medium Term Development Strategy 2005–2010 the then Minister for National Planning and Monitoring, Sir Moi Avei, suggested that deficiencies in the design and implementation of the OLPGLLG had been ‘a major factor impeding service delivery’ and referred to ‘the dysfunctional system of service delivery’ that had arisen after 1995. There was confusion over the distribution of functional and financial responsibilities between the different levels of government, a shift of service delivery functions to sub-national level had not been matched by a reallocation of financial resources, and administrative capacity at provincial, district and local level was generally weak. The critical role of national MPs in the allocation of funds, through the joint district planning and budget priority committees (and specifically through district support grants—popularly known as ‘slush funds’), had contributed to the weakening of provincial and local-level governments and the politicization of service delivery.

In 2003 a study of the distribution of responsibilities across the different levels of government was undertaken, and in 2002 the National Economic and Fiscal Commission presented the first of a series of reports on the intergovernmental financial system, describing arrangements as ‘very unfair, with some Provincial Governments … having less than one-third of funding they needed to meet their service delivery responsibilities’. Critical reforms in these areas, however, did not come until after the 2007 election.

Meanwhile, in 2005 a District Authorities Act, introduced by Peter O’Neill, was passed, to authorize the establishment of 89 district authorities as the basic
units of sub-national governance. Although there was significant support for O’Neill’s initiative, the act—whose compatibility with the OLPGLLG was not clear—was not debated, and though it was passed it was never certified and thus lapsed. A move to reintroduce the bill in 2006 did not gain support.

Promises, dating back to 2003, to create two new provinces—Hela, to be formed from within the Southern Highlands Province, and Jiwaka from within the Western Highlands Province—were reiterated by the Somare government as late as 2006 but when parliament rose in May 2007 the necessary amendments to the Organic Law on Provincial Boundaries had not been presented.

**Relations with Australia and the ‘Moti Affair’**

Relations between the Somare government and the Australian Government of John Howard were already strained in 2002 after members of the Australian Government had made clear their preference for a Morauta government to emerge from the national election that year. Relations were exacerbated by comments by Australian Prime Minister John Howard and Foreign Affairs Minister Alexander Downer in the context of a review of Australian aid to Papua New Guinea and by the Australian Government’s repeated reference to Papua New Guinea as a failing or fragile state.

There was consequently some reservation on Papua New Guinea’s part about Australia’s offer to increase development assistance to Papua New Guinea by AUD$805 million over four years, in part through the placing of Australian police and administrative support personnel in line positions. Nevertheless an Enhanced Cooperation Agreement was signed in June 2004 and some 260 police and specialist advisers began to arrive in Papua New Guinea. Disputes arose, however, over the Australian Government’s insistence that Australian personnel be granted immunity from Papua New Guinea laws. Legislation to give effect to the Enhanced Cooperation Program (ECP) was passed in July but was challenged by Morobe Governor Luther Wenge and subsequently ruled to be unconstitutional. The ECP was set aside, though some civilian personnel stayed in the country in advisory positions, and at the end of the year an Enhanced Defence Partnership Agreement was signed with Australia.

In 2005 tensions were again raised by an incident at Brisbane airport in which Prime Minister Somare was required to remove his sandals for an airport security check, an incident for which Australian Foreign Minister Downer was conspicuously unapologetic.

Then in 2006 a dispute between Australia and the Solomon Islands government spread to Papua New Guinea when the Australian Government took exception to the appointment of Fiji-born Australian citizen Julian Moti as attorney
general of Solomon Islands, with responsibility for setting up an inquiry into riots which followed the 2005 election in Solomon Islands. The Australian Government anticipated that Moti, who had close associations with Solomon Islands Prime Minister Manasseh Sogavare, would divert blame for the riots onto the Australian-led Regional Assistance Mission to Solomon Islands and sought to block Moti’s appointment by reviving allegations of a child sex offence by Moti in Vanuatu in 1997. The Australian Federal Police sought Moti’s extradition to Australia.

In a series of somewhat bizarre developments, while in transit in Papua New Guinea in September Moti was arrested, released on bail, and secretly flown out of Moresby on a PNGDF aircraft to a small airfield in Solomon Islands. After two internal reports—one initiated by the chief secretary and one by the commander of the PNGDF—had been rejected, a Defence Board of Inquiry, headed by Justice Gibbs Salika, identified a litany of violations of laws and regulations, including: no flight plan had been lodged with civil aviation authorities, no proper clearance had been obtained for the use of the aircraft (which had been officially grounded since 2002 pending a major service), and the removal of Moti contravened domestic and international laws. Investigation of the funding of the operation also uncovered a record of gross financial mismanagement, fraud, nepotism and intimidation within the Defence Department. More seriously, the inquiry was unable to establish who had authorized the flight, with contradictory evidence implicating the director general of the Office of National Security Coordination and Assessment, the chief secretary, the prime minister’s chief of staff, and the prime minister himself (who denied giving the order but declined to appear before the Board of Inquiry). Counsel assisting Justice Salika commented that some of the witnesses ‘would have qualified for Olympic gold medals for lying’ (quoted in The National 22 January 2007). Meanwhile, the chief secretary, the acting police commissioner and the commander of the PNGDF, Commodore Ilau, and his chief of staff were all briefly suspended, with rumours of a potential mutiny if Commodore Ilau were sacked.

Several attempts were made to terminate the inquiry, which the prime minister and the defence secretary accused of exceeding its powers. These attempts included an unsuccessful application to the National Court to have the proceedings of the inquiry declared void. The defence minister, Martin Aini (a Pangu Pati MP), was instructed by the prime minister to stop the inquiry and in February 2007 was relieved of his portfolio, which was taken over by the prime minister. Somare later refused to release the report, which recommended legal action against some of those involved (the report was leaked to the Australian media, however, and became available online).10 Somare’s attempts to suppress the report of the Defence Board of Enquiry were widely criticized in Papua New

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Guinea and Australia. The Australian high commissioner in Papua New Guinea was recalled briefly and the Australian Government placed a temporary ban on visits to Australia by Papua New Guinean MPs and called off a scheduled bilateral ministerial meeting. Papua New Guinea’s high commissioner in Australia was also recalled.

The Moti affair marked a low point in relations between the two countries but it also reflected poorly on the management of the PNGDF and on the behaviour of the Somare government (as well as on the behaviour of the Australian Government, which in effect had precipitated the crisis). In the event it probably had little impact on the 2007 election, but occurring on the eve of the election, and receiving widespread media coverage, it contributed to a growing cynicism about the government’s style of governance.

Deteriorating relations with Australia also encouraged Papua New Guinea to look towards its northern neighbours. In 2003 a high-level delegation from China had visited Papua New Guinea, and in 2007 Somare said that if Australia withdrew its aid from Papua New Guinea, ‘we are prepared’, and he observed that the large-scale Chinese investment in the Ramu mine was a ‘big step’ for Papua New Guinea.

**Corruption and misconduct**

Corruption featured as a major issue in election campaigns in 2002, but notwithstanding the election rhetoric, during the life of the 2002–2007 parliament corruption and misconduct remained core issues.

In 2003 Yangoru-Saussia MP Bernard Hagoria (who had entered parliament in a by-election brought about by the dismissal of his predecessor for a similar offence) was found guilty of misapplying public funds and dismissed from office. Mendi MP Michael Nali was also before a Leadership Tribunal in 2003 and stepped down from office; he was subsequently found guilty of misappropriation and it was later reported that a warrant had been issued for his arrest. However, in March 2006 the Supreme Court surprisingly quashed the guilty verdict, freeing Nali to re-contest in 2007.

Towards the end of 2003 the report of an inquiry into the National Provident Fund was tabled in parliament. The inquiry had been set up in 2000 to look into the loss of some K170 million of public superannuation funds, through financial mismanagement and in some cases fraudulent transactions. It found widespread abuse of responsibilities by senior National Provident Fund officers
and board members, including criminal acts, and recommended that a number of people—including current MPs O’Neill, Skate and Haiveta—be referred to the Ombudsman Commission or police.

In 2004–2005 a number of MPs were referred to the Ombudsman Commission under the Leadership Code and subsequently passed on to the public prosecutor—though in August 2004, the chief ombudsman expressed frustration at his commission’s inability to charge leaders who breached the Leadership Code. Those referred included: the member for Angoram, Arthur Somare (referred to the public prosecutor 2006 on charges of misconduct in office, but found not guilty and reinstated as a minister); the member for Aitape-Lumi, Patrick Pruaitch (referred to the Ombudsman Commission over allegations of misconduct in office, but still a minister at the end of the seventh parliament); NCD Governor Bill Skate (cleared of charges); Milne Bay Governor Tim Neville (charges dismissed); Enga Governor Peter Ipatas (found guilty on 16 misconduct charges, fined, and resumed office); the member for Wosera-Gau, Gallus Yumbui (suspended in 2005 and recommended for dismissal in 2007); Usino-Bundi member Peter Yama (who initially pleaded guilty to 7 of 34 charges but changed his plea to not guilty and was subsequently found guilty on three charges and recommended for dismissal; in 2005 the National Court overturned this decision and Yama remained in office); Manus MP Charlie Benjamin (found guilty on 19 misconduct charges and attempted bribery of the Leadership Tribunal and dismissed from office); the member for Maprik, Gabriel Kapris (found guilty on two misconduct charges in 2006, fined but remained in office); the member for Abau, Puka Temu (found guilty of failure to file returns under the Leadership Code, fined, and returned to office); and the member for Markham, Andrew Baing (referred to the Ombudsman Commission in January 2004, appeared before a committal court in September 2005 on charges of misconduct in applying district support grants to his own use and suspended in June 2006 pending a Leadership Tribunal inquiry, which in December 2006 recommended his dismissal).

The saga continued in 2006, with the member for Dei, Melchior Pep found guilty of three misconduct charges (for which he was fined and allowed to stay in office), Southern Highlands Governor Hami Yawari (misappropriation charges being dismissed for ‘lack of evidence’); the member for Bulolo, John Muinangepe (suspended pending the outcome of a Leadership Tribunal, which had not made a ruling before parliament rose), and the member for Kairuku-Hiri, Sir Moi Avei (found guilty of five misconduct charges and recommended for dismissal in May 2007). In early 2007, Gulf Governor Chris Haiveta was suspended but the Leadership Tribunal set up to hear charges against him was adjourned until after the election, and the acting public prosecutor requested the chief justice to
set up a Leadership Tribunal to investigate allegations against Finschhafen MP Guao Zurenouc relating to his term as secretary of the Department of Lands and Physical Planning from 2000 to 2002.

In addition, the member for Madang Open, Alois Kingsley, was charged in 2003 with assault and damage over an incident at a Port Moresby club, but was acquitted; the member for Ialibu-Pangia Peter O’Neill was in court in 2005, facing eight charges of misappropriation and conspiracy stemming from the inquiry into the National Provident Fund, but escaped prosecution; the member for Rai Coast, James Yali was charged with rape in 2006 and sentenced to gaol for 12 years (in 2007 Yali was appealing the sentence and permitted to stand for re-election, but he lost the appeal, and his seat, shortly after the election), and the member for South Fly, Conrad Haoda, was sentenced to two months gaol for contempt of court.

Misconduct was not confined to MPs. In 2003–2004 the auditor general, Mark Wari was found guilty of 33 misconduct charges under the Leadership Code and dismissed; the managing director of the National Forest Authority, Molean Chapau, (whose appointment reportedly had led to the suspension of a loan by the Asian Development Bank) was suspended pending investigation into alleged financial mismanagement, and Trade and Industry Secretary Jonathan Soten was suspended over allegations of misconduct and incompetence. Clerk of parliament Ano Pala was referred to the Ombudsman Commission in 2005 but was not prosecuted (Pala was elected to the National parliament in 2007 and subsequently became attorney general). In 2005, amid recurring allegations of corruption within the Department of Finance, finance secretary Thaddeus Kambani was sacked and the following year a major inquiry into the Finance Department was launched. The inquiry had not been completed in 2007: the commission of inquiry subsequently complained that there had been active opposition to its work—the commission was suspended and re-established five times between August 2006 and September 2008—and that senior officers of the department, including the incoming secretary Gabriel Yer, ‘have at all times been difficult even combative with the Commission’ (Commission of Inquiry 2009:8, 57). Its report, finally presented in 2009, was damning. Also damning was an audit report on the Southern Highlands Province, presented by the minister for Inter-governmental Relations, Sir Peter Barter in 2003 (see above).

Notwithstanding claims by its chairman that the Parliamentary Public Accounts Committee was being threatened, the committee undertook a number of inquiries into government departments and agencies, including Air Niugini, Telekom, the National Capital Development Commission (NCDC), the Department of Lands and Physical Planning, the National Housing Commission, the Public Service Commission, and the Department of National Planning and Monitoring and Office
of Rural Development. Some of these, notably those into the NCDC, Department of Lands, National Housing Commission, and Department of National Planning, were scathing in their criticisms of the management of the agencies concerned.

Papua New Guinea on the eve of the 2007 election

When the seventh parliament finally rose in May 2007, the Somare government had survived a full term, the first government to do so since independence. The provisions of the OLIPPAC had contributed to this, but so also had political manoeuvring within the national parliament. Despite the OLIPPAC provisions designed to achieve political party stability, parties had split and members had crossed the floor with apparent impunity. A partisan speaker, the stacking of the parliamentary Private Business Committee, frequent adjournments of the parliament, and several cabinet reshuffles had all been elements of a strategy to keep the government in power, leading to widespread complaints, inside and outside the parliament, of underperformance by MPs and executive dominance which threatened Papua New Guinea’s democratic tradition.

As against this, there had been a marked improvement in the county’s economic circumstances and prospects, and notwithstanding continuing problems of poor service delivery, weak governance and corruption, the Somare government was generally seen as having achieved a good record in its term of office.

As the election approached, there were growing concerns about electoral preparations—especially in relation to the electoral roll and last-minute changes to the format of ballot papers—and about the potential for election-related violence; there were even calls for the election to be postponed. But overall Papua New Guinea was probably in a stronger position than it had been for some years.

References


