

Following general elections in June/July, the Papua New Guinea parliament on 9 August elected outgoing Prime Minister James Marape to a new term as leader of the country.

To be more accurate, a less than full parliament did the electing. Numbers of members were not present, as writs had not yet been returned for 13 electorates despite extensions of time to finalise the counting of votes. This scrappy arrangement reflected an electoral process regarded by many observers as the most chaotic and least satisfactory since the country's independence in 1975. The electoral period witnessed intimidation of, and violence against, many voters; a number of deaths, including some caused by the police; dissatisfaction and in some case rioting over incomplete electoral rolls; theft or destruction of ballot boxes and other electoral papers; delays over return of the writs; allegations of widespread bribery of voters; and a court challenge, unsuccessful, against changes to timing and procedures. As usual in the national elections, there was a sizeable turnover in membership of the 118-member House, with some prominent politicians, including former Prime Minister Pias Wingti, losing their seats. Two women were elected, only the eighth and ninth female MPs since independence.

The untidy election process did, however, produce a result which avoided the worst excesses of traditional post-election lobbying and jockeying for position as part of moves to secure a majority of support behind one candidate or another. Marape's PANGU Party significantly out-pollled the party of the main challenger, former Prime Minister Peter O'Neill, and this considerably eased the task of attracting other members to the Marape camp. PANGU, together with the support of independents and some 17 other smaller parties, commanded at least 80 of the 118 seats in the new parliament, reflected in the voting on 9 August in which Marape was confirmed as Prime Minister. Serious horse-trading will now commence as Marape moves to distribute ministerial posts and other largesse available to him as he seeks to establish a viable administration. Marape is now assured of an 18-month grace period, during which motions of no-confidence cannot be introduced against him.

The new Prime Minister has said that he will unfold a "to do list" on 7 September, and a supplementary budget on 8 September. Unsurprisingly, Marape has indicated that priorities for the new government will include stabilising and growing the economy; sustainable debt financing; pursuing key priorities in health, education, law and order and communications; and realising the economic potential of rural areas. The next few weeks may see some elaboration of ideas as Marape moves to bring further members into his camp, but the coming negotiations and contacts are likely to have comparatively little to do with broad policy approaches, given that the areas he has identified are on the whole motherhood issues, generally expressed. The main game in coming weeks will centre on the distribution of the political spoils.

The result in terms of national policy may well come to look like business-as-usual. Marape ran on a platform emphasising the need to continue repairing the damage to the economy he attributed to his predecessor's policies and actions. He foreshadowed a continuation of newly-introduced policies in areas affecting education, small business and road construction. In references of particular interest to foreign investors, his pre-election comments focused also on his approach to the resources sector, where he said he would continue his "Take back PNG" approach while assuring investors of a positive environment.

There are few comforting options as the new government looks to address serious issues facing the country.

The most immediate issues are economic. Pluses include the fact that the first Marape government set out to improve the transparency of the country's finances, and that for a variety of reasons Australia has come to the support of the country's economic management through substantial loans. Nonetheless, Papua New Guinea has a major revenue problem, exacerbated by delays in bringing new resources projects on-line and in re-opening the Panguna Gold mine, and we can expect moves to accelerate agreements and approvals in the resource sector. It remains to be seen whether there will be changes to the deleterious policy of government equity in resource projects, which in relation to LNG and other projects has caused damaging revenue losses. We can also expect a continuing need for requests to Australia for substantial loans to keep the basic elements of government operating. A looming issue affecting government revenue is the closure of the Ok Tedi mine by 2030 and the movement of some prospective new resource projects into periods of tax relief based on their construction costs. Debt servicing, inflation (including particularly in food prices), the exchange rate and foreign exchange shortages also demand attention and remediation.

Marape's profession of intent to focus on basic services in areas like health and education is an admirable aspiration, but the government's fiscal position will be a severe constraint on its capacities. So it is hard to envisage election-time promises of universal free education, new clinics and the like being translated into substantial action. The outlook will remain for severely degraded infrastructure and poor education and health outcomes. Similar constraints will apply to ambitions to address the country's dire law and order issues which, like inadequate policing, corruption and violence, present major challenges and costs for individuals and companies. And one can only be cautiously pessimistic about the chances of improvement to the degraded public service performance, including in areas like tax and customs administration of importance to business. Put simply, there must be serious doubts about the new government's appetite and capacity for reform in a number of these areas.

The future of Bougainville will necessarily loom large for the new government. Although this question was not a major issue during the election, attention will now refocus on it. The great majority of Bougainvilleans support independence and clearly expect to proceed to it; and there is an expectation that the issue will be resolved by 2025, that is during the life of this new parliament. There are any number of complicating factors in this equation, including the requirement that any outcome be decided by the national parliament; the clear opposition of some powerful national players to the idea of a special deal for Bougainville; concerns about the potential demonstration effect to other provinces; and serious questions, largely unanswered, about Bougainville's capacity to generate both the revenue and skills necessary to run an independent country and generate employment and economic growth.



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