

WHY PRIME MINISTER O'NEILL SHOULD RESIGN

STATEMENT OF REASONS

Peter O'Neill is not a fit and proper person to hold the office of Prime Minister, for the following reasons:

INCREASINGLY BECOMING AUTOCRATIC AND DICTATORIAL

Mr O'Neill's actions and behavior are increasingly becoming those of a dictator.

Cabinet decisions are his decisions alone. Parliament is used as a rubber stamp. The judiciary is being undermined. The executive is functioning according to his commands.

There is effectively no Budget. The Budget is what he decides from day to day. He decides the allocation to agencies, irrespective of what has been approved by Parliament. He decides who gets government contracts. He decides who is paid. He decides which businesses are given foreign currency.

The nation cannot be run like this any longer.

ABUSED THE PRIME MINISTER'S OFFICE

Mr O'Neill has treated the Prime Minister's Office as if he owned it. It is the highest office of state in the land, and it belongs to the nation and the people, not Mr O'Neill or any other incumbent.

It has become a meeting place for various unsavory characters where schemes are cooked up to further Mr O'Neill's interests rather than the interests of the nation.

Mr O'Neill's abuse of the Office of the Prime Minister adds significantly to Papua New Guinea's reputation as one of the most corrupt nations in the world.

Papua New Guinea cannot afford to allow Mr O'Neill to continue to drag the nation's reputation through the mud by remaining Prime Minister.

IGNORING THE GROWING CHORUS OF DISCONTENT

Meanwhile, doctors, pilots, lawyers, maritime workers, students and others are openly expressing their demand for change.

Mr O'Neill is deaf to the growing chorus of discontent. Anyone who criticizes him suffers personal attack. He is incapable of discussing issues.

FOMENTED SOCIAL DISCORD

Students and members of the public are being treated like criminals. Their Constitutional rights to express their views and assemble have been denied at the point of a gun or by threats.

At least one life has been lost during the recent student protests and others have been put at risk.

Police used disproportionate force at the University of Papua New Guinea, shooting unarmed and peaceful students.

Piecemeal and ad hoc responses to the protests added fuel to the fire, causing more tension and discord.

Regional jealousies and prejudices have been allowed to grow, resulting in a threat to national unity.

When the Prime Minister should have been overseeing the response, creating solutions and calming volatile situations, he was overseas on unnecessary and costly visits.

Media freedom has been curtailed through violence and more intimidation and threats.

Mr O'Neill cannot be trusted to restore national unity and social harmony.

DESTROYED GOVERNMENT FINANCES

The 2016 Budget, like Mr O'Neill's 2015 Budget, is inappropriate. Revenue has nosedived and spending cuts have been mismanaged. The Budget does not provide the answers to the challenges we face.

Despite his promises not to cut essential services spending, Mr O'Neill proceeded to cut the Health, Education and Transport budgets, with further cuts planned for next year. Instead, hundreds of millions of kina have been spent on unproductive showpiece infrastructure projects in Port Moresby.

Debt repayment commitments of approximately K3 billion a year (and growing) are about double the spending in each of the Health, Education and Transport portfolios.

Revenue has collapsed and Mr O'Neill's Government is facing a cash-flow crisis similar to the one that destroyed the previous Skate-led PNC Government.

Public servants are not being paid their full wages and entitlements. Private sector suppliers are not being paid at all or are having to wait for months and months for settlement of their invoices. Public servants are being laid off and positions are not being filled when they become vacant.

The Prime Minister is a serial raider of public institutions, and now the cupboard is bare.

There is nothing left to raid. He has nowhere to go except overseas and borrow at high interest rates.

Mr O'Neill's history is littered with the wreckage of his raids – National Provident Fund, Papua New Guinea Banking Corporation, Finance Pacific and Resource and Investment Finance Corporation (RIFL), the Treasury coffers, and State-owned Enterprises.

Every time Mr O'Neill touches a public institution it ends up requiring rescue and rehabilitation – and most of all injections of taxpayers' money, which should be going to schools, hospitals and other essential services.

A mini-Budget is urgently needed to re-align and better manage spending and improve existing revenue-collection mechanisms. The financing of the out-of-control Budget deficit must be settled quickly and effectively.

Mr O'Neill has no intention of constructing a proper rescue package. Instead he is trying to borrow his way out, which will sink the nation further.

DESTROYED THE ECONOMY

The economy has crashed, with years of wasteful and unproductive spending by Mr O'Neill taking their toll – GDP growth is falling below the four percent a year estimated in the 2016 Budget, in contrast to the Prime Minister's dishonest claims of nine percent growth.

Prominent economic analyst Paul Flanagan has concluded from official data that growth has in fact been negative for 2014 and 2015.

This means PNG has been in recession for the past two years under Mr O'Neill, despite the revenue generated by the LNG project.

Based on National Statistical Office and Bank of PNG official figures, Flanagan estimates declines in employment of 7 percent, business sales of 16 percent, private sector lending of 4 percent and non-resource GDP of 1.3 per cent.

These numbers mean Papua New Guineans' standard of living has fallen by more than 5 percent over the last two years.

This is at a time when the nation should be benefitting from the billions of kina in revenue earned from PNG LNG.

Instead the LNG wealth has been diverted into the hands of foreign banks such as UBS and Credit Suisse, and the state's investment in Oil Search shares is showing a paper loss of about K400 million.

Foreign exchange reserves are less than half what they were when Mr O'Neill came to power. The value of the kina has plummeted – again to about half what it was when Mr O'Neill came to power.

The unmet demand for foreign exchange hit about K3 billion, with unfulfilled orders crippling the private sector and fuelling unemployment.

Total national debt has exploded under Mr O'Neill and is now over 50 percent of GDP – way above the 30 percent limit imposed by the Fiscal Responsibility Act.

Ad hoc borrowings at high interest rates have been used in an uncoordinated way, and have done little to alleviate Papua New Guinea's pressing economic and financial needs.

Mr O'Neill's mismanagement of the economy has caused international agencies to reduce our credit rating to below junk bond status.

This, combined with increased sovereign risk, has reduced Papua New Guinea's standing in the international financial community resulting in higher borrowing costs. The nation is becoming a riskier and more expensive place to invest.

There is now an urgent need for an orderly, well financed economic reform plan in partnership with civil society, international friends and multi-lateral partners.

The longer Mr O'Neill stays in power, the worse the pain of a future rescue operation.

CORRUPTED GOVERNMENT SYSTEMS AND PROCESSES

Mr O'Neill is fast destroying democracy and the institutions that support it.

Important institutions of state have been the subject of intimidation, threats, interference and political influence, including the judiciary, the police, the Defence Force and the Bank of Papua New Guinea.

State-Owned Enterprises have become piggy banks to be raided at will by the Prime Minister and his cronies.

The machinery of state barely works after five years of Mr O'Neill's Prime Ministership. Government systems and processes have been bypassed or corrupted and the Public Service rendered ineffective.

Good Papua New Guinean talent has been ignored and their independent, knowledgeable and considered advice rejected in favor of an army of self-interested local and foreign consultants on exorbitant fees.

As a result national development has come to a standstill. Mr O'Neill's mismanagement, waste and corruption are denying Papua New Guineans their rightful access to essential services such as clean water, reliable power supplies, education, health and well-maintained public assets.

Parliamentary processes and the principles of participatory democracy have been ignored or manipulated, leaving public involvement in national affairs at an all-time low.

At the same time a small group of Mr O'Neill's cronies and consultants have captured decision-making roles to benefit themselves.

Ordinary Papua New Guineans have been denied their right to provincial and district development through Mr O'Neill's use of DSIP and PSIP funds as a currency with which to buy loyalty.

The restoration of government systems and processes and the independence and capacity of institutions of state is essential. The only way this can be achieved is for Mr O'Neill to stand down.

UNDERMINED THE LAW AND THE PARLIAMENT

Mr O'Neill has been found by the Supreme Court in effect to have undermined the Constitution to try to entrench himself and his cronies in power.

Unconstitutional legislation and his treatment of Parliament as a rubber stamp show he has no respect for the laws of Papua New Guinea or for the legislature other than as a means to an end.

His disrespect for the norms of responsible leadership extend to his own personal circumstances, where he has used the law to prevent justice taking its course in terms of the Leadership Code and the Criminal Code.

As Prime Minister, Mr O'Neill should have set an example to the rest of the nation and handed himself over to police to have his legitimate arrest warrant executed.

Instead he has put himself above the law and used the high office that he holds to prevent his arrest.

Mr O'Neill is not fit to have any influence over the laws of Papua New Guinea or the legislature.

He must stand aside and let the law take its course, and allow Parliament to have its say on his failed leadership.

ALLOWED CORRUPTION TO REACH RECORD LEVELS

Despite his promises to deal with systemic corruption and cronyism, they have flourished during Mr O'Neill's Prime Ministership.

There is hardly a corner of society or national life left untouched by this scourge.

Mr O'Neill was personally involved in two of the biggest scandals in recent times – the corrupt deal to purchase two diesel generators for Lae and Port Moresby, and the illegal Union Bank of Switzerland loan to the State to buy 10 percent of Oil Search.

He used his influence improperly to shepherd these deals through.

A feature of Mr O'Neill's Prime Ministership has been a decline in transparency and accountability, internationally recognized as a cornerstone of corruption.

State-Owned Enterprises, including Kumul Holdings and its subsidiary companies, of which he is sole trustee, are almost universally in breach of their own legislation and most other legislation that affects them.

Their lack of accountability and transparency has been comprehensively detailed by the Office of the Auditor-General,

It is why, under Mr O'Neill as Prime Minister, they are perennially broke and require regular injections of public funds, only to be pillaged all over again.

CONCLUSION

Mr O'Neill is not a fit and proper person to remain as Prime Minister.