Abstract

This chapter provides an overview of decentralisation in Papua New Guinea (PNG) since independence, with a focus on political decentralisation. We show that PNG’s decentralised system has several distinctive and, in some cases, unique features. It is constantly evolving – in fact, heading in different directions. PNG’s system of decentralisation has become highly complex, with four tiers of government. It relies heavily, perhaps uniquely so, on indirect representation, with both provincial assemblies and district boards dominated by national politicians. We argue that four political forces have shaped, and will continue to shape, PNG’s decentralisation reforms: the political dominance within the country of national members of parliament (MPs); the dominance, within that group, of district over provincial MPs; as a countervailing force, strong, though variable, political support for provincial autonomy; and, finally, the underlying clientelistic, fragmented and unstable nature of PNG politics. These findings are consistent with those of Spina (2013) in a very different Organisation for Economic Co-operation and Development (OECD) context.
Introduction

Decentralisation involves the transfer of powers from the central to lower levels of government. Decentralisation reforms have been a prominent feature of many developing countries, driven by a perceived excessive concentration of authority (Turner and Hulme, 1997). It is often argued that decentralisation plays an important role in attaining good governance (Kuhlmann and Wayenberg, 2016). Decentralisation strives to bring the state closer to the citizen, to enhance efficiency and effectiveness in the provision of public services, and to promote accountability and participation. Countries seeking greater participation from their rural majority in decision-making, and intending to strengthen service delivery in the periphery, have used decentralisation as a tool to advance these goals. For many developing countries, however, securing the goals of decentralisation continues to be elusive due to problems of systemic corruption and poor governance. Despite this, faith in the virtues of decentralisation has not diminished and many governments, including Papua New Guinea’s, have continued to implement reforms to try to make decentralisation work.

The powers transferred via decentralisation can be fiscal, administrative and/or political (Schneider, 2003). Fiscal decentralisation relates to the management of budgets and accounting, expenditure and revenue generation. Administrative decentralisation relates to roles and responsibilities, functions and staffing. Political decentralisation relates to decision-making and enforcement, citizen participation, accountability and transparency. These three aspects of decentralisation, according to the Organisation for Economic Co-operation and Development (OECD, 2019), although distinct, are interrelated, and getting the correct balance between them is essential for decentralisation to work.

The decentralisation literature primarily focuses on administrative and fiscal reforms, with less attention paid to political decentralisation (Spina, 2013) and institutions such as legislatures, elections, political parties and patronage systems (Hutchcroft, 2001). Political decentralisation is the focus of this chapter for two reasons. First, decentralisation in any country is complex, but it is especially so in PNG. In a single chapter, we cannot be comprehensive and cover in depth all three areas of political, fiscal
and administrative decentralisation. Second, if we have to be selective, it makes sense to focus on political decentralisation, given the importance of politics to institutions more generally (Acemoglu and Robinson, 2012).

Spina (2013) studied the determinants of political decentralisation in OECD countries. He found that the ideology of parties makes little difference to the prospects for decentralisation, and that more stable governments and parliaments with strong ethno-regionalist parties are more likely to engage in political decentralisation. We ask of PNG: How should political decentralisation be explained? What has driven decentralisation and what has constrained it? As will become clear, our findings support those of Spina, though in a completely different, non-OECD context.

The contribution of the chapter is twofold. First, there has been no survey of decentralisation in PNG for several years. The extensive and excellent analysis of earlier years (including Axline, 1986; Gelu and Axline, 2008; Kwa, 2016; May, 1999, 2009; May and Regan, 1997; Reilly et al., 2015) needs updating, especially given how dynamic decentralisation is in PNG and the important changes and proposals seen in recent years. Second, too much analysis of decentralisation, both in PNG and elsewhere, is apolitical. To understand why decentralisation unfolds the way it does, and to think about how it might unfold in the future, we need to apply a political lens.

This chapter therefore provides a broad overview of decentralisation in PNG since independence, with a focus on political decentralisation and related factors. We show that PNG’s decentralised system has several distinctive and, in some cases, unique features (May, 2009). First, it is constantly evolving – in fact, heading in different directions – with major reforms in 1977 and 1995, and other important changes before, since and proposed. Second, the system has evolved to be highly complex. At independence, PNG (a relatively small country with a population now approaching nine million people) was a unitary state. Since then it has provided constitutional recognition to another three tiers of representative government: provincial, local level and district. Third, PNG’s system of decentralisation relies heavily, perhaps uniquely so, on indirect representation, with no one actually being elected, as against appointed, to provincial assemblies and district boards, both of which are dominated by national politicians from that province and/or district.
Why is PNG’s decentralisation experience so distinctive? The answer, as to many questions, is politics. Given the clientelistic, fragmented and unstable nature of PNG’s politics, political contestation is intense, and shaped almost exclusively by local factors. Therefore, it is hardly surprising that decentralisation has been the site of deep political conflicts.

We argue that four political forces have shaped and will continue to shape PNG’s decentralisation reforms: first, the political dominance within the country of national members of parliament (MPs); second, the dominance, within that group, of district over provincial MPs; third, as a countervailing force, strong, though variable, political support for provincial autonomy; and, finally, the aforementioned clientelistic, fragmented and unstable nature of PNG politics. While, in general terms, these findings are consistent with Spina’s (2013) conclusions for the OECD, the specific combination of these four forces, often pulling in opposite directions, has set PNG on a decentralisation journey that is as unique as it is incomplete.

The evolution of decentralisation in PNG

Decentralisation was included in the terms of reference of the Constitutional Planning Committee (CPC) established to write the constitution of a soon-to-be independent PNG. The CPC’s final report was presented to the national government in August 1974. In its tenth chapter, it proposed a new level of elected government at the existing administrative district level (to become the provincial level) with the intention that districts (in the future, provinces) should enjoy a high level of autonomy.

There were two driving forces behind the CPC’s proposals for decentralisation. The first was independence itself. Independence was about self-rule and giving, or returning, power to the people. For PNG’s leaders, this meant not just national self-rule, but a strong emphasis on local government. As the CPC itself put it:

Power must be returned to the people. Government services must be accessible to them. Decisions should be made by the people to whom the issues at stake are meaningful, easily understood, and relevant. The existing system of government should therefore be restructured, and power should be decentralised, so that the energies and aspirations of our people can play their full part in promoting our country’s development. (CPC, 1974, para. 10.8)
The second reason for decentralisation was Bougainville, one of the then 19 districts (now 22 provinces) of PNG. As PNG approached independence, Bougainville was home to both the country’s single largest mine and to strong successionist tendencies. To keep Bougainville as part of PNG, it was necessary to put forward a model of government that allowed it a high level of autonomy.

At the same time, the CPC’s decentralisation proposals sparked ‘fierce controversy’ with strong opposition from key bureaucrats and ministers who perceived that they would have less influence under a provincial government system (Regan, 1997, p. 13). Some leaders, mindful of PNG’s extreme ethnic diversity, also feared that decentralisation would promote disunity. Others, however, countered that without decentralisation it would be impossible to keep the country together. Looking back some 40 years later, PNG’s first prime minister, Sir Michael Somare, said that decentralisation was introduced ‘to appease the Bougainvillians and to promote unity in a culturally diverse and young country’ (Constitutional and Law Reform Commission – Department of Provincial and Local Government Affairs [CLRC–DPLGA], 2015a, p. 26).

It was not, however, easy to reach agreement with Bougainville’s leaders and, just before PNG’s independence, Bougainville attempted to break away. Negotiations broke down and PNG went into independence in September 1975 with a unitary government. One of PNG’s ‘five national goals’, as written into the constitution, made clear the commitment to decentralisation with its call for:

The creation of political structures that will enable effective, meaningful participation by our people … and in view of the rich cultural and ethnic diversity of our people for those structures to provide for substantial decentralisation of all forms of government activity. ([Constitution of the Independent State of Papua New Guinea: Government of Papua New Guinea, 1975, section 2(2))

Negotiations resumed after independence. The draft Organic Law on Provincial Government (OLPG) was introduced into parliament in November 1976 and came into effect in April 1977 (Premdas, 1985). (In PNG, an organic law is one that amends the constitution.)

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1 Two provinces have been divided in two, and the capital, Port Moresby, has been given provincial status.
The key objective of the OLPG was to create provincial governments with directly elected provincial parliaments (assemblies), premiers and ministers, and with potentially extensive powers to implement policies and plans in response to their needs rather than functioning under direction from the national government.

Provincial elections were to be held every five years, starting in some provinces as early as 1977. Axline (1986) and Regan (1985a) have provided balanced accounts of the first decade of decentralised government. Axline (1986, p. 222) commented:

> It is the generally held view that the delivery of services in the provinces has declined over the past decade, but it is by no means clear that this is wholly or partially the result of the decentralisation of political power.

What can be said is that, in most provinces, the provincial assemblies had little public support, and provincial governance was often criticised as poor, especially by national MPs. Regan (1985b, p. 170) wrote of 'the national government perception of poor performance of the provincial government system'.

In 1983, the national government passed an amendment to allow for the suspension of provincial governments for non-performance, and, over the next decade, most were suspended. According to May (2009, p. 211), 'by 1995 all but five provinces had been suspended at least once, mostly on the ground of financial mismanagement'. By the mid-1980s, national leaders started talking about abolishing the provincial government system altogether. In the early 1990s, two parliamentary committees recommended the abolition of directly elected provincial governments. In 1993, this proposal was endorsed by cabinet, and the Constitutional Review Commission was tasked with coming up with a new approach (May, 2009).

The end result was the replacement in 1995 of the OLPG with a new constitutional law, the *Organic Law on Provincial Governments and Local-level Governments* (OLPGLLG). This was a pivotal moment in PNG’s decentralisation history. With the justification that the focus should be service delivery not politics, the OLPGLLG did away with provincial

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2 In 1985, reflecting on a decade of independence, ‘Somare put decentralisation at the top of his list of mistakes he believed the country had made’ (Saffu, 1998, p. 412).
elections and directly elected assemblies, replacing them with indirectly elected assemblies, which the national politicians of that province dominated. It is important for this point, and subsequent arguments, to note that PNG has two types of national MPs. There are 111 in total. Twenty-two represent one each of PNG’s 22 provinces. The other 89 represent districts, which are situated within provinces; these district MPs are called ‘open’ MPs. The OLPGLLG made the provincial MP the governor of their province. Each open MP from the province also got a seat in the provincial assembly. These members got to choose the other provincial assembly members – three representatives from local governments, up to three traditional leaders, a women’s representative and up to three others.

Another important reform of the OLPGLLG (the one that gave the law its distinctively long name) was to provide a national mandate and template for local-level government, which previously had been a provincial government responsibility, and which had generally languished. Doing away with directly elected provincial assemblies was rightly seen as weakening provincial governments, and thus a centralising rather than decentralising reform. Giving constitutional recognition to local governments was an offsetting measure, intended in part to show that the new law was also about decentralising power, just in a new way and to a different, lower level – closer to the people and their communities, the new law’s proponents claimed.

The OLPGLLG recognised local-level governments (LLGs) within districts, and mandated local government elections every five years at the national level. There are currently 318 LLGs or about three per district. They exist in both urban and rural areas, though in 2015 a few LLGs in major cities were replaced by city authorities (in Lae, Mt Hagen and Kokopo), based on the governance model for the nation’s capital (though, in addition, Port Moresby has provincial status). To date, the three new city authorities are still finding their feet, and, like many LLGs, have yet to secure a solid financial base to carry out their operation.

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3 A few electorates contain more than one district. Generally, however, electorates and districts are aligned, and the words are synonymous in the PNG context.
While important, the OLPGLLG was more of a staging post than end point for PNG’s decentralisation reforms. Table 3.1 provides a summary of relevant legislation from 1995 onwards.4

<table>
<thead>
<tr>
<th>Year</th>
<th>Type of change</th>
<th>Nature of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>Organic Law on Provincial Governments and Local-level</td>
<td>Repealed the Organic Law on Provincial Government (OLPG) and established new provincial and local-level governments (LLGs)</td>
</tr>
<tr>
<td></td>
<td>Governments and Local-level Governments (OLPGLLG)</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>Constitutional amendment to the OLPGLLG (section 33A)</td>
<td>Established the Joint District Planning and Budget Priorities Committee (JDPBPC) and equivalent provincial bodies (JPPBPCs)</td>
</tr>
<tr>
<td>1997</td>
<td>Provincial Government Administration Act</td>
<td>Complementary to the OLPGLLG; provided the operational framework for the administration of provincial governments</td>
</tr>
<tr>
<td>1997</td>
<td>Local-Level Governments Administration Act</td>
<td>Complementary to the OLPGLLG; provided the framework for LLGs’ operations; established the creation of special purpose authorities as implementation units of LLGs in special circumstances deemed necessary by the minister for provincial and local government affairs</td>
</tr>
<tr>
<td>2009</td>
<td>Intergovernmental Relations (Functions and Funding) Act</td>
<td>Complementary to the OLPGLLG; strengthened inter-government fiscal arrangements and the funding of subnational governments</td>
</tr>
<tr>
<td></td>
<td>(IRA)</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Amendment to IRA 2009</td>
<td>Provided clarity on the distribution of GST between the national and subnational governments, and imposed penalties on subnational governments for varying GST</td>
</tr>
<tr>
<td>2014</td>
<td>Constitutional amendment to the OLPGLLG</td>
<td>Repealed the JDPBPC amendment of 1996; enabled the creation of District Development Authorities (DDAs)</td>
</tr>
<tr>
<td>2014</td>
<td>District Development Authority Act</td>
<td>Established DDAs, their operating powers and functions</td>
</tr>
<tr>
<td>2015</td>
<td>City Authority Acts for Lae, Kokopo and Mt Hagen</td>
<td>Created city authorities with specific powers and functions to politically manage cities from previously urban LLGs that were given city status</td>
</tr>
</tbody>
</table>

4 Changes to Bougainville and its autonomy status starting mainly in 2001 are left out in this table and discussed separately.
A comprehensive analysis of all the changes in decentralisation since 1995 is beyond the scope of the chapter. Here we highlight four key developments.

The first is the growth in the importance of the district (open MP electorate) as a level in PNG’s decentralised system. This trend started only a year after the 1995 OLPGLLG with an amendment to that law that created the Joint District Planning and Budget Priorities Committee (JDPBPC), to be headed by the district or open member of the national parliament and including as members the LLG heads from that district and up to three other nominated members.

PNG’s prime minister from 2011 to 2019, Peter O’Neill, is a strong proponent of the importance of the district and advocated as early as 2006 for the replacement of the JDPBPC by a statutory corporate body, the District Development Authority or DDA (O’Neill, 2006). The combination of bills he put forward (to amend the OLPGLLG and establish the DDAs) was passed by parliament in 2006, but, for some reason, never gazetted. The process was repeated a few years later, and DDAs finally came into existence in 2014 (though, even then, with little consultation). The district or open MP is now the chair of the DDA board. DDAs cannot pass laws, but they can buy and own assets, sue and be sued, and set up their own procurement systems. The executive head of the DDA is the district CEO.

Importantly, first the JDPBPCs and then the DDAs have also been given extensive funding. The history of electorate funds in PNG (i.e. government money put under the control of MPs, often referred to as slush funds) goes back to the 1980s (Ketan, 2007). The amounts of funding have increased over time. In the most recent budgets, K10 million has been given to each MP to be spent either as determined by the DDA (chaired by open MPs) or as determined by the provincial assembly (chaired by provincial MPs). These amounts total K1.07 billion or about 10 per cent of government revenue.5 Since there are four times as many DDAs as provincial assemblies, this funding goes predominately to DDAs.

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5 No electorate funding is provided for Bougainville: hence the total of K1.07 billion not K1.11 billion. The 2021 budget estimates 2020 revenue at K11.4 billion.
Although PNG’s system is still often referred to as three-tier, excluding districts (e.g. DPLGA, 2018), in reality the DDA provides a fourth tier to PNG’s decentralised architecture (i.e. fourth in chronological terms), between provinces and LLGs. Though DDAs are not law-making bodies, nor subject to direct elections, they are not only constitutional but also powerful representative bodies, and a challenge to the authority of both the provincial governments above and the LLGs below them.

With DDAs now part of the mix, Table 3.2 provides a quantitative summary of the current state of play of decentralisation in PNG.

**Table 3.2: PNG's subnational governments.**

<table>
<thead>
<tr>
<th>Region</th>
<th>Provinces (and provincial governments)</th>
<th>Districts and DDAs</th>
<th>Urban LLGs</th>
<th>Rural LLGs</th>
<th>Total LLGs</th>
<th>Population (2011 Census)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern</td>
<td>6</td>
<td>18</td>
<td>14</td>
<td>5</td>
<td>19</td>
<td>1,302,887</td>
</tr>
<tr>
<td>Highlands</td>
<td>7</td>
<td>34</td>
<td>6</td>
<td>97</td>
<td>103</td>
<td>3,001,598</td>
</tr>
<tr>
<td>Momase</td>
<td>4</td>
<td>25</td>
<td>5</td>
<td>90</td>
<td>95</td>
<td>1,795,474</td>
</tr>
<tr>
<td>Islands</td>
<td>5</td>
<td>12</td>
<td>6</td>
<td>73</td>
<td>79</td>
<td>959,694</td>
</tr>
<tr>
<td>TOTAL</td>
<td>22</td>
<td>89</td>
<td>31</td>
<td>265</td>
<td>296</td>
<td>7,059,653</td>
</tr>
</tbody>
</table>


A second critical part of PNG’s decentralisation voyage (and one not covered by Table 3.1) is Bougainville’s own journey towards greater autonomy and perhaps independence. Dissatisfaction with the environmental impact of and the distribution of profits from the province’s Panguna copper mine led to the closing of the mine in 1989 and a decade of conflict, resolved finally by the Bougainville Peace Agreement (BPA), signed on 30 August 2001 at Arawa. The BPA led to an agreement that, for the first time, enshrined a separate treatment for the province (now the Autonomous Region of Bougainville [ARB]) in PNG’s constitution. There were three main pillars of the BPA: a deferred referendum on the future political status of Bougainville (including an independence option) ten years after the creation of the Autonomous

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6 Though note that the Electoral Development Authority Act 1982 (May, 2009, p. 213) established bodies very similar to the DDAs. The fate of the Electoral Development Authorities requires further research.

7 The Bougainville civil conflict, which paved the way for the creation of the ARB and Bougainville’s autonomy arrangements, has been discussed elsewhere (Chand, 2018b; Chand and Sause, 2015; Dziedzic and Saunders, 2019; Regan, 2013).
Bougainville Government (ABG); a uniquely high level of autonomy, including its own constitution, and, once again, an elected provincial assembly; and the demilitarisation of Bougainville through the withdrawal of the PNG security forces and an agreed weapons disposal plan. We further discuss the Bougainville case and its lessons and implications later in the chapter.

A third and related trend concerns the rising calls for, and incipient moves towards, greater provincial autonomy from, and for, provinces other than Bougainville. In July 2018, Prime Minister Peter O’Neill signed the Inter-Government Agreement on Greater Autonomy with the governors of East New Britain, New Ireland and Enga Provinces (Loop PNG, 2018). Two of these provinces (Enga and New Ireland) have their own mine and, therefore, robust provincial finances. East New Britain, like Bougainville, has long had a strong self-identity. All three provinces have had governors who have been strong advocates of provincial autonomy. What the greater autonomy arrangements will actually imply has not been clarified, though the focus seems to be on greater administrative and financial autonomy and on gradual reform (O’Keeffe, 2018). There is also a clear sense that some provinces will be given more autonomy than others.

The final, and again related, trend is growing dissatisfaction with PNG’s decentralisation Mark II, as shaped by the OLPGLLG and DDAs. Recent research has revealed the structural and operational shortcomings of the DDA (Duncan and Banga, 2018; Ugyel et al., 2021), and has shown that, while the District Development Authority Act 2014 has enabled the creation of autonomous corporate entities, it has also created multiple and confusing lines of reporting and accountability, failed to consider resource capacity, and may be creating a rival administrative structure undermining the role of provincial and local governments (Duncan et al., 2017). Generally, the current system of decentralisation is seen as overly complex, poorly coordinated and at least in part responsible for the decline of service delivery in PNG (CLRC–DPLGA, 2015a).

Dissatisfaction with the current state of affairs led the O’Neill government to commission a Constitutional and Law Reform Commission report on the OLPGLLG in May 2013. The result of this inquiry, which included extensive provincial consultations, was a report written jointly with the Department of Provincial and Local Government Affairs (CLRC–DPLGA, 2015a, 2015b) recommending a third overhaul of decentralisation in PNG, and a third organic law, the Organic Law on
Decentralisation. This would abolish local governments, relying instead on the DDAs. It would restore provincial elections, but the provincial MPs would remain as governors. And it would allow for more autonomy for those provinces who wanted it and were capable of exercising it.

The recommendations of the CLRC and DPLGA had a mixed reception. They were opposed by a number of governors at the annual Governors’ Conference in October 2014. The PNG National Executive Council (or cabinet) in February 2015 established a bipartisan parliamentary committee to review the CLRC–DPLGA report and recommendations, under the chair of Sir Peter Ipatas, the governor of Enga. The resulting report (Ipatas Parliamentary Bipartisan Committee, 2015), while supporting calls for selective provincial autonomy, rejected the key recommendations of the CLRC and DPLGA for provincial elections, and the abolition of LLGs. It also called for tighter controls on DDAs.

In October 2020, the government indicated that the National Executive Council had accepted the CLRC–DPLGA proposals, and that it would move to introduce the new organic law the latter had recommended (Post-Courier, 2020). However, according to press reports, the provincial MPs once again signalled their opposition to this approach as recently as August 2020 (Tarawa, 2020). It is too early to predict with confidence whether and when there will be further major legislative changes to PNG’s decentralisation regime.

An overall assessment of decentralisation trends in PNG since independence would require a detailed assessment of both fiscal and administrative aspects to supplement the analysis of political decentralisation provided in this section. In fiscal terms, more funding has certainly been provided to subnational governments. We have already talked about the growth of District Services Improvement Program (DSIP) and Provincial Services Improvement Program (PSIP) funding under the control of MPs (see p. 65 and Chapter 2, this volume). In addition, the Intergovernmental Relations (Functions and Funding) Act 2009 provided for additional funding to provincial governments in the form of function grants. Funding for provinces and local-level government has increased significantly from K134 million in 2009 to K547.3 million in 2018’ (National Economic and Fiscal Commission [NEFC], 2018, p. iii). Administratively, nearly all public servants are
still on the national government payroll, even when they are regarded as provincial and district staff. However, the provincial administrators and district CEOs have certainly become powerful civil servants.

Even after a comprehensive analysis covering all three areas of political, fiscal and administrative decentralisation, an overall assessment of PNG’s decentralisation trajectory would be difficult given its complexity and non-linear nature.

There is no doubt though that, at the provincial level, decentralisation has weakened. Bray (1982, p. 282) described PNG’s post-independence (OLPG) arrangements as among the ‘most decentralised in the world’. One certainly could not say that now. Looking at formal lists of responsibilities for different tiers of government is uninformative, since these are vague and may bear little or no relationship to the reality on the ground. Shifting to indirect elections has reduced both the legitimacy and the strength of provincial governments. Two concrete examples of the reversal of decentralisation at the provincial level involve health and education. Bray (1982) related that, in 1981, the PNG parliament passed a motion to make school education free. This proved to be a controversial decision as:

It was pointed out that control of both community (primary) and secondary schools had been decentralised to provincial governments, and the national government actually had no legal authority in the field. (Bray, 1982, p. 281)

Even when the national government offered financial compensation to provincial governments for the abolition of fees, five provinces refused to accept the compensation, and even more refused to abolish school fees. Ultimately, the effort to make education free was abandoned, but there have been several more attempts, the most recent in 2012. Then, when the central government again moved to abolish school fees, there was no question of provinces having any say in this policy at all.

Regarding health, the major reform of the last decade has been the creation of Provincial Health Authorities under the Provincial Health Authorities Act 2007. These authorities have now been created in most provinces, and are responsible, where they have been created, for all health services in the province they serve. Provincial governments have to agree to their creation, but, once they do, health services are no longer under their control. Provincial Health Authorities report to their boards, not to
provincial governments. While the provincial administration has some say in the composition of the board, the nomination of the chair is a matter for the health minister. Most provinces thus no longer have responsibility for health. Whether this is an improvement or not can be debated; at the very least it shows that provinces have much less power than they used to.

Thus one can certainly conclude that PNG’s provinces are less autonomous than in the early years of independence. Considering the various other reforms at the district and local government level, whether PNG as a whole is more or less decentralised under the OLPGLLG is too difficult a question to answer. In any case, our interest is in why PNG has taken the unique and non-linear route to decentralisation that it has. That is the subject of the next section.

The drivers of decentralisation in PNG

In this section we argue that there are four key explanatory factors that have shaped, and will continue to shape, decentralisation in PNG over time: the dominance of PNG’s national politicians; the dominance within that group of open or district MPs; the countervailing force of provincial autonomy; and the nature of PNG politics as clientelistic, fragmented and unstable.

1. Dominance of national members of parliament

The course of decentralisation in PNG has been fundamentally shaped by the intolerance of national politicians for, and their dominance over, any actual or potential provincial rivals. The most obvious case of national politicians acting as a group or class to impose their will on PNG’s decentralisation arrangements is the 1995 abolition of provincial elections that removed the category of provincial politicians entirely and put national politicians in charge of provincial assemblies through an indirect election system that, as far as we can tell, is unique worldwide. As has been recently noted, the introduction of the OLPGLLG was driven by:

[a] political agenda to eradicate political competition created by Provincial Assembly members contesting national elections, competing against incumbent national MPs, and provincial government Premiers in different parties opposing national governments led by rival parties. (CLRC–DPLGA, 2015a, p. 34)
Likewise, as May (1999, p. 202) observed four years after the passage of the OLPGLLG, ‘the new system is likely to increase substantially the role of national MPs’. Indeed, ‘this was the real objective of the reform’ (May, 1999, p. 202; see also Edmiston, 2002; Reilly et al., 2015).

National politicians have been able to exercise a decisive influence over decentralisation arrangements at this and other points of time because of the fact that the PNG constitution can be changed by a two-thirds vote in its unicameral parliament. Neither a referendum nor assent from any lower level of government is required. Moreover, it has not been hard, at least on issues that do not threaten the power of national politicians, to obtain a two-thirds majority. The party system is weak in PNG and politicians will rally behind causes that suit them. With the constitution exclusively in their hands, national politicians set the rules of the decentralised game, and determine how much should be decentralised and to whom.

The extensive legislating at the constitutional level on decentralisation is testimony to this, including the two organic (i.e. constitution-amending) laws relating to decentralisation, the 1977 OLP and the 1995 OLPGLLLG, and a number of amendments to them, as well as a number of pieces of regular legislation (see Table 3.1).

Compare this situation to one prevailing in countries where there is a constitution that enables provincial governments and is hard to change because changes require either a popular referendum or assent from the provinces themselves. In such a regime, subnational governments are in effect protected by the constitution. Subnational governments have no such protection in PNG. They are at the mercy of national politicians. As Reilly et al. (2015, p. 38) put it, PNG is a ‘quasi-federal system’. Subnational governments are given autonomy but within a constitutional framework that can be altered by the central government – the unrivalled powerbroker on decentralisation matters, which decides on the type, manner and timing of the decentralisation reforms.

The dominance of national MPs is something that has developed over time. Writing in 1986, Axline concluded that:

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May (1997, pp. 391–92) notes that a national government briefing paper explaining the legislation said that the new law sends a clear message that provincial governments ‘are not a second source of political or governmental power’.
While the national government has the formal authority to determine the future of provincial government, it is likely that changes will be the result of political co-operation and compromise rather than unilateral action on its part. (Axline, 1986, p. 223).

The abolition of provincial assemblies a decade on showed how things had changed: national MPs did indeed take unilateral action, and successfully too.

One constraint on change outside of the national parliament is the Supreme Court, which has taken on the role of defender of the constitution and is liable to strike down constitutional amendments if they are judged to be contrary to the intent of the original. However, perhaps because PNG’s original constitution contained no detailed decentralisation arrangements, and perhaps because it is such an arcane subject matter, the courts have not been active in relation to decentralisation, with only one exception as far as we are aware, which we recount in the next section.

2. Dominance of district members of parliament

If the first force shaping decentralisation in PNG is the dominance of national politicians as a class, the second is the dominance within that class of the ‘open’ or district MPs. There are four times as many open MPs as provincial MPs (89 to 22), so it is not surprising that, over time, the former have exerted their influence.

The fruit of the efforts of PNG’s district MPs can be seen by the fact that districts have gained in power as provinces have been diminished. Okole et al. (2016, p. 151) made this clear, writing that ‘the intention … for District Authorities was to remove Provincial Authorities’. The creation of DDAs is indeed an impressive show of political strength. Although DDAs cannot pass laws, provincial assemblies have, in general, made little use of their law-making powers. Meanwhile, DDAs have become an important, well-funded and constitutionally recognised representative tier of government.

The motivation of open MPs can be understood from the simple fact that provincial assemblies are chaired by the provincial MP and district authorities by the district MP. Put differently, district or open MPs felt that their role was marginalised by the OLPGLLG (and before it the OLPG) and acted to remedy that, starting as early as a year after the passage of the OLPGLLG with an amendment to create JDPBPCs. They followed that
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up over the next two decades with the establishment of DDAs, which, in the words of Wiltshire (2014), ‘help open MPs to consolidate influence and power across their electorate’.

Looking at changes in funding patterns over time shows how district MPs are asserting themselves relative to other politicians. From 2013 to 2015, provincial MPs received K5 million per district in their province. But from 2016, they receive only K10 million each, as district MPs do. As a result, the share of electorate funding going to provincial MPs fell from 30 per cent of that going to all MPs in 2014 to 20 per cent in 2018. It is true that, as noted earlier, recurrent funding to provinces has greatly expanded. Nevertheless, the amount of K492 million going to the provincial governments in 2018 in the form of function grants (NEFC, 2018, p. 5) is less than three-fifths of the amount that goes to DDAs through the DSIP (for the last few years, K860 million).

The rise of the districts is also at the expense of LLGs, that, by contrast, have been starved of funding. Reilly et al. (2015, p. 24) commented that: ‘LLGs have had insignificant funding and usually lacked committed staff’. Ketan (2016) wrote that ‘the LLG Presidents are the poor cousin of the Open MPs’ (p. 264) and that ‘the authority of LLG councillors, many of whom are established community leaders, has been weakened by the JDPBPC [and DDA]’ (p. 266).

For a short time in the early 2010s, towards the end of PNG’s resource boom years, LLGs also received electorate funding of K500,000 each, but that was a small amount compared to the K10 million per district (recall there are 3–4 LLGs per district) and, in any case, a short-lived experiment.\(^9\) When the boom ended, this LLG funding was done away with. LLGs also get a small share of the function grants that, in general, go to provincial governments, but this amount was only K55 million in 2018 (NEFC, 2018, p. 5). This amount pales into insignificance compared to the K860 million going to national MPs via electorate funding. It is a sign of the political weakness of LLGs that the 2015 CLRC–DPLGA report, which argued that PNG is overgoverned, recommended the abolition not of DDAs but of LLGs.

\(^9\) In the past there was even electorate funding for wards (the electorates of LLGs), but this too was short-lived.
The rise of the district MPs as a political class shaping PNG’s decentralisation can also be seen in two specific decentralisation reforms, one that succeeded and one that did not. First, provincial MPs had been part of the JDPBPCs (as discussed above, created in 1996), but were removed from the DDAs (in the 2006 and 2014 legislation). Clearly, district MPs did not want to be cramped by their provincial counterparts.

Second, MPs voted to remove the three local-level government members from the provincial assembly. This was arguably a move by district MPs, as provincial MPs chair provincial assemblies and would therefore be able to control the selection of, and not be threatened by, LLG representatives on those assemblies. It is also noteworthy that this reform was made as part of the 2006 legislation to introduce DDAs.

This is the one case, mentioned earlier, that the Supreme Court acted to check the power of MPs to change PNG’s decentralisation arrangements. The Ombudsman Commission appealed this amendment, and that appeal was upheld by the Supreme Court, which argued that the removal of LLG heads was inconsistent with the status of provincial assemblies as indirectly elected (Supreme Court of Papua New Guinea, 2010).

3. Provincial autonomy

So far the story is of national MPs extending their influence from the national to the provincial and district levels. Given the dominance of national MPs, and open MPs in particular, one might imagine that the end point would be the abolition of provinces and LLGs altogether, and a two-tier system of national government and DDAs.

Certainly, we have seen the rise of DDAs. And with the government now endorsing the 2015 CLRC report, the days of LLGs might be numbered. However, the push by the O’Neill government, described earlier in this chapter, for greater provincial autonomy does not fit this narrative. Nor does the fact that the CLRC–DPLGA drafted organic law recently endorsed by the PNG cabinet proposes not to abolish but to strengthen provincial government with the reintroduction of directly elected provincial assemblies (albeit with the provincial MPs remaining as governors).
To explain these developments, we need to appeal to a countervailing force to the influence exercised by national (and especially district) MPs. This is the strong, albeit geographically variable, support for provincial autonomy.

We can see the influence of this countervailing force most clearly in the 1977 reforms, in which, as noted earlier, Bougainville’s influence was decisive: essentially, the central government and Bougainville negotiated on what was an acceptable level of decentralisation to both sides; subsequently, that model was applied to all other provinces. As Bray (1982, p. 282) noted, Bougainville ‘won for the other provinces a decentralisation which some of them neither wanted nor could cope with’.

We can also see the weakening of this countervailing force as partly responsible for the reversal of provincial decentralisation in 1995. By that time, Bougainville had been mired in conflict for several years. It had become clear that greater autonomy would need to be given to the province. But Bougainville, because it was the only region of PNG that had risen in rebellion, had also become a ‘special case’ that required a unique solution. This meant that greater autonomy for Bougainville would not necessitate greater autonomy for other provinces, and that, in fact, provincial autonomy could be reduced without antagonising Bougainville, since it would be subject to different rules.

Spina’s (2013) distinction between two modes of political decentralisation is useful here. One is uniform: for example, the creation of a secondary level of subnational government throughout a country (as in any federation). Another is through special treatment, such as when a geographically, ethnically or linguistically distinct population receives additional autonomy (e.g. France’s decision to grant Corsica a directly elected assembly in 1992 or the establishment of the Scottish Parliament in the late 1990s). PNG’s treatment of Bougainville shifted from the first mode at the time of independence to the second in the 1990s after conflict broke out. The result was more autonomy for Bougainville, but less for other provinces.

It would be overly restrictive, however, only to focus on Bougainville when thinking about provincial autonomy (Okole et al., 2016). The 1995 reforms were opposed by the Island provinces of not only Bougainville, but also East and West New Britain, Manus and New Ireland, all of which at one point threatened to secede to form the Federated Melanesian
Republic. These provinces were unable to prevent the passage of the OLPGLLG, but did ensure that the proposal to abolish provincial governments altogether was not successful (Mukherjee, 2010).

Likewise, today, we see that it is not only Bougainville that is pushing for autonomy. Certainly, not all provinces are equally interested. In much of the Highlands, provincial identity seems to count for little, and smaller tribal and linguistic groups seem much more important. Enga, a province dominated by one ethnic group, is an exception. In the Islands, provincial identity seems stronger.\(^\text{10}\)

An additional force supporting provincial decentralisation is the group of provincial MPs who are threatened by the rise of DDAs, who control provincial governments, and whose view is given voice to in the 2015 Ipatas report (Ipatas Parliamentary Bipartisan Committee, 2015).\(^\text{11}\) While provincial MPs are greatly outnumbered by district MPs, their voice cannot be ignored entirely, bearing in mind that constitutional amendments require a two-thirds majority and that the government of the day may well need their support, especially during the unpredictable and frequent votes of no confidence that characterise PNG politics.

The push by some provinces for autonomy, the 2018 O’Neill agreement with Enga, New Ireland and East New Britain, and the recent reform proposals all point in the direction of provinces not withering away, but rather becoming stronger. The provincial autonomy now being discussed is intended to be selective (or ‘gradative’ in the words of CLRC–DPLGA, 2015a): to grant greater autonomy only to those provinces that want it and are able to exercise it. It is worth noting that this selective approach was also meant to be embodied in the 1977 OLPG (see the discussion of ‘gradation’ in Regan, 1985b, pp. 164–65). Early on in the implementation of the OLPG, however, the selective approach was abandoned (Axline, 1986, p. 18; May, 2009, pp. 205–06). All provinces got autonomy whether they wanted it or not, and it is plausible that this would ultimately happen again if a new push for selective provincial autonomy is successful.

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\(^{10}\) See Gelu and Axline (2008, ch. 2) for an account of East New Britain’s push for autonomy since the early 2000s.

\(^{11}\) The Ipatas Committee called for more provincial autonomy (on a selective basis) but rejected the proposal that there be provincial elections, thus supporting more power for provinces, while keeping those provinces firmly under their (provincial MPs’) control.
To summarise, a centralised PNG is not an option. The original CPC and constitutional endorsement of decentralisation, as well as what Reilly et al. (2015, p. 7) referred to as the fact that ‘many Papua New Guineans see virtue in decentralising governance in their country’, rule it out. In any case, the clientelistic nature of PNG politics (see the discussion immediately below) is always going to push in the direction of decentralised decision-making, since local decisions are much more important for election outcomes than national ones. But, as the PNG experience itself shows, decentralisation can take many forms, and one can imagine a decentralised PNG without provinces at all, and indeed this option was explicitly mooted in the 1990s. The discussion of this section, however, shows why provincial governments survive, are likely to continue and may indeed be strengthened in the future.

4. PNG politics

We have so far identified three political forces as driving PNG’s decentralisation (often in different directions): the dominant position of MPs, the dominance within that grouping of district MPs and the countervailing push for provincial autonomy. The account would be incomplete without reference to the underlying nature of politics in PNG as clientelistic, fragmented and unstable.

Kabuni et al. (Chapter 2, this volume) note that PNG is rated by experts as one of the most clientelistic countries in the world (see Figure 2.10, this volume). This means that, more than in nearly any other country, people in PNG vote on the basis of local considerations, not national policies or parties. The authors further show that politics in PNG is also highly fragmented, with a large and growing number of candidates running for elections (from an average of 8 candidates per seat in 1977 to 30 in 2017), and a median winning share of just above 25 per cent. Third, politics in PNG is unstable. There is often overall political instability, but here the reference is to individual MPs and their uncertain grip on power. About 50 per cent of incumbents lose every election. In this sense, most seats in PNG are marginal.

This nature of PNG politics is important for two reasons. First, it supercharges the rivalry between national and provincial politicians (actual or potential). To see this, consider the opposite system to the one PNG has: a system where parties are strong, few candidates compete to represent each electorate, and most incumbents are returned. In such a
scenario, a provincial MP would find it difficult to break into national politics and virtually impossible to displace a sitting MP. In turn, sitting MPs would have little to fear from provincial politicians and no need to undermine decentralisation to defend themselves. That might be the case in a country like Australia. But, in PNG, where many candidates compete, and politicians have a tenuous grip on their seat, the last thing an incumbent wants is to give a potential rival a leg-up by giving them access to the profile and resources that election to a provincial assembly or local government would provide.

This is particularly the case given that in a clientelistic system all politics is local. As noted by Ketan (2007) and by Allan and Hasnain (2010), MPs, once elected to office, need substantial resources to repay debt, reward supporters and build support. Voters are unlikely to reward national MPs for being a minister and even less for sitting on a parliamentary committee. If what matters is the local delivery of goods and services, then national MPs need to ensure that they control that. Hence their establishment of local funds, which they control, and their aversion to funds being controlled by rival groupings of politicians – provincial or local.

Second, clientelistic, fragmented and unstable politics is not conducive to good governance. In fact, PNG is rated as a fragile state by the World Bank and the quality of service delivery is widely agreed to be low. A vicious cycle is at work: because of poor governance, MPs distrust the public service and want to be in charge of service delivery themselves, but this promotes clientelism, which further undermines good governance.

What this leads to is not necessarily either decentralisation or recentralisation, but a dissatisfaction with the status quo, which can be, and has been, used to argue for reform. Thus, it can be, and has been, argued that the solution to weak service delivery is more autonomy for provinces – or districts, for that matter. But, equally, it can be, and has been, argued that subnational governments are the problem.

Just as dissatisfaction with the current system is behind the latest calls for reform, so too the criticism of provincial governments in the early years of independence was a driver for the 1995 reforms. Saffu (1998, p. 424) argued then that provincial assemblies tended to replicate the problems seen at the national level: ‘instability of coalitions and political alliances; the over subscription of elections and the super-rapid circulation of elites; the weakness of financial controls’. May (1999, p. 187), also writing
mainly of the 1980s and early 1990s, referred to ‘copious documented and anecdotal evidence of lax and inefficient administration, nepotism and outright corruption’ in provincial governments.

The case of Bougainville provides illumination from PNG’s more recent history. A comprehensive review of the autonomy arrangement was carried out by a combined national and international team of experts in 2013 (Government of Papua New Guinea and Autonomous Region of Bougainville Government, 2013). This found that many of the powers granted to Bougainville had not been taken up. Currently, the ARB does not have its own independent court system, independent judges, police force, teaching service commission, audit and accountability institutions (except for its electoral commission), prison system or local system of government to the extent allowed for under section 49 of its constitution. While the ABG is constitutionally empowered to establish those institutions, it has not done so due to its significant capacity problems.

In particular, while section 137 of the BPA requires Bougainville to be fiscally self-reliant and generate revenue at least equal to its national government grant, a recent analysis by Chand (2018a, p. 550) revealed that, in 2017, the ARB could only generate an internal revenue of K2,379,000 or 5.7 per cent of its national government recurrent grant. Thus, 20 years since the signing of the BPA, the ARB is in no way close to being financially self-reliant.

This is not to argue against decentralisation in general or greater provincial autonomy in particular. But it does suggest that decentralisation is itself no guarantee of better service delivery. Indeed, one might conclude that better governance (though itself a formidable task) is needed to make decentralisation work rather than that decentralisation (or recentralisation for that matter) will improve governance (Reilly et al., 2015).

Conclusion

This chapter has followed, and tried to explain, the complex trajectory of decentralisation in PNG. To conclude, we relate our findings back to the academic literature. As noted in the introduction, Spina (2013)
found that among OECD countries the ideology of parties makes little difference to the prospects for decentralisation, but that governments that are more stable and parliaments with strong ethno-regionalist parties are more likely to engage in political decentralisation.

Our findings, though in a very different non-OECD context, are similar. Parties are not of great importance in PNG and ethno-regionalist political forces have definitely pushed decentralisation forward: this is our third, countervailing force in favour of provincial autonomy. Also consistent with Spina (2013), we find that the inherent instability of PNG politics has worked against decentralisation. The resulting insecurity of national MPs has led them, in a context of clientelistic politics, to push back against decentralisation both to provinces and to LLGs, and to favour decentralisation to districts, as this is a level of government the majority of MPs (who represent districts) control.

Our aim in this chapter is neither to prescribe a preferred mode and level of decentralisation nor to predict the future of decentralisation in PNG. However, our analysis does lead us to make a few observations.

First, the analysis raises a number of decentralisation policy questions. If there is to be greater autonomy, should it be to provinces, districts or lower levels of government, or, indeed, to higher levels, such as a region (a grouping of provinces)? Will the implementation of greater autonomy be symmetrical (selective) or asymmetrical (universal)? How should the issues (barely touched on in this chapter) of fiscal and administrative decentralisation be addressed? Finally, and most importantly, since experience shows that autonomy is unlikely to thrive and, in fact, can be greatly undermined if poor governance and corruption continues, how should governance be improved?

Second, turning to what might happen next, perhaps the CLRC and DPLGA hit a sweet spot in its 2015 report and found a solution that promotes decentralisation (by bringing back directly elected provincial assemblies) while safeguarding the interests of national MPs (by keeping them at the head of provincial and district governments, and by abolishing LLGs altogether). Conversely, although the CLRC and DPLGA reported in 2015, its recommendations, which were finally endorsed by the PNG cabinet in 2020, continue to be opposed by provincial MPs (Tarawa,
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2020) who reject the reintroduction of provincial elections. At the time of writing, the fate of the CLRC–DPLGA recommendations can only be described as uncertain.

Whatever the next reform is, however sweeping it is, and whenever it comes, it does seem likely that PNG’s decentralisation arrangements will continue to evolve, as the various and contradictory political forces driving decentralisation play themselves out. In 1982 Bray wrote that PNG’s directly elected provincial governments ‘are probably here to stay’ (p. 282). Thirteen years later they were abolished. More changes have followed since, and still more are likely to follow. PNG remains a young nation; it has a long way to go before it finds an effective and stable system of decentralised government.

Of course, PNG is not alone in this. Despite much euphoria, the actual outcomes of decentralisation policies adopted around the world have been mixed (Andersson and Ostrom, 2008). As countries continue to experiment with multiple decentralisation reforms, the evolving experience of PNG will continue to be a rich source for both scholars and practitioners alike. In particular, it is fascinating that PNG seems to have evolved, for better or worse, a unique system of decentralisation. We are aware of no other country in which, with two votes cast in the one election, electors choose all three of their national, provincial and district government representatives. This is a type of ‘national decentralisation’ without parallel elsewhere. We are also not aware of a country of the same, modest size as PNG that has four tiers of government.

We have argued that, consistent with Spina’s (2013) OECD analysis, PNG’s decentralisation journey is the result of a conflict between insecure, clientelistic national politicians on the one hand and ethno-regional forces on the other. More research on the political drivers of decentralisation in other developing countries would surely be illuminating.

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References


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