

Decentralisation in PNG: a political analysis

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Chapter in our book *PNG: government, economy and society*

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Structure

- Introduction
- The evolution of decentralisation
- The drivers of decentralisation
- Conclusion

Introduction

- Plenty of past surveys but none current - Axline, 1986; May and Regan, 1997; May, 1999, 2009; Gelu and Axline, 2008; Kwa, 2016; Reilly et al., 2015
- Focus on political decentralisation
 - Make the task manageable.
 - As the underlying driver of change.
- Aim is to understand rather than make policy recommendations.
- First focus on the evolution of decentralisation, then try and explain it.
- We go back to independence.

Evolution of decentralisation

Decentralisation at independence

- Strong support from the CPC
 - “Power must be returned to the people”
 - Bougainville
- But also controversial
 - Decentralisation written into the constitution as (part of) one of five national goals (the second “equality and participation”)
 - But PNG went into independence with a unitary government.
- Organic Law on Provincial Government introduced in 1976.
 - Set up provincial governments with directly elected parliaments (assemblies), premiers and ministers, and potentially extensive powers.

The first two decades

- Fairly quickly, decentralization was found to be wanting
 - Provincial assemblies had little public support
 - Provincial governance came to be seen as poor
- And came under attack from national government
 - In 1983, national government gave itself the power to suspend provincial governments for non-performance.
 - By 1995, all but five suspended at least once.
 - By mid-80s, national leaders started talking about abolishing the provincial government system.
 - By early-90s, 2 committees recommended this.
 - In 1993, Cabinet (NEC) endorsed this, and CLRC tasked with coming up with an alternative.

1995: a decisive change

- Organic Law on Provincial Governments and Local-Level Governments (OLPGLLG, 1995).
 - Provincial assemblies abolished, replaced by indirectly elected ones
 - Provincial MPs (22) became Governors
 - Open MPs (89) became Members
 - They chose other members (3 from LLGs, a woman's rep, up to 3 traditional leaders, up to 3 others)
 - Provided official recognition to LLGs: currently 318.

Decentralisation reform from 1995 onwards

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

Post-1995: 4 major trends, #1

1. The growing importance of the district as part of PNG's decentralization system.

- Electorate funding goes back to the early 1980s: now about K10 m per MP
- 1996 amendment to OLPGLLG created the JDPBPC (Joint District Planning and Budget Priorities Committee) – chaired by Open MPs
- Creation of DDAs (District Development Authorities) – first attempt in 2006; then in 2014 – chaired by Open MPs
- We argue that the district is the fourth tier in PNG's decentralization: national, provincial, district, LLG.
 - DDAs are not law-making, and not subject to direct elections but they are constitutional, powerful, and representative.

PNG's subnational governments

Region	Provinces (and provincial governments)	Districts and DDAs	Urban LLGs	Rural LLGs	Total LLGs	Population (2011 Census)
Southern	6	18	14	5	19	1,302,887
Highlands	7	34	6	97	103	3,001,598
Momase	4	25	5	90	95	1,795,474
Islands	5	12	6	73	83	959,694
TOTAL	22	89	31	265	318	7,059,653

Post-1995: 4 major trends, #2 and #3

2. Bougainville

- Mine closure 1989, followed by decade of conflict, and peace agreement in 2001.
- This wrote the ARB into the PNG Constitution, and gave the ABG a uniquely high level of autonomy, including an elected assembly.

3. Provincial autonomy beyond Bougainville

- In 2018, PM O'Neill signed the Inter-Government Agreement on Greater Autonomy with the governors of Enga, ENB and New Ireland.

Post-1995: 4 major trends, #4

4. Dissatisfaction

- System seen as overly complex, with multiple principals
- DDAs and provincial governments are often rivals.
- Blamed for poor/declining service delivery.



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From dissatisfaction, reform..

- CLRC-DPLGA report on decentralization commissioned in 2013, and published in 2015.
 - This recommended a third overhaul (the Organic Law on Decentralisation) to abolish local governments, restore provincial elections, keep provincial MPs as Governors, keep DDAs, and allow for variable autonomy.
- This was opposed by the Provincial MPs/Governors who produced their own report (Ipatas Report of 2015)
 - It supported variable autonomy, but rejected provincial elections and the abolition of LLGs, and called for more control of DDAs.
- Reported in Oct. 2020 that NEC has accepted CLRC proposals, but provincial MPs are still opposed, and current status unclear.

Assessment of evolution

1. Non-linear change: heading in different directions; unstable
2. Less provincial decentralization now than at independence.
Examples from education and health
3. Increasing complexity – from one level to two to three to four.
4. Heavy (perhaps unique) reliance on indirect representation (“national decentralization”).

Explaining the changes

1. Dominance of national MPs

- 1995 changes :
 - 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)
 - “[T]he 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)
- PNG constitution can be changed by a 2/3 majority of Parliament
- Little Supreme Court protection
- A “quasi-federal” system (Reilly et al 2015), but not always thus:
 - “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).

2. Dominance of open MPs

- 89 open (district) MPs v 21 provincial MPs.
- Open MPs felt marginalized by the OLPGLLG and started amending it a year after its passage.
- The rise of the DDA relative to the provincial government (and also the LLGs)
 - Provincial MPs on the JDPBPCs, but not on DDAs
 - Attempt to get rid of the LLGs from the PAs.
- Bulk of electorate funding now goes to district not provinces.

3. Provincial autonomy

- Why hasn't system reverted to a two-tier national-district one?
- Provincial decentralisation weaker than at independence, but not gone and may be fighting back
 - Provincial government survived the 1990s (the more radical proposals would have abolished it)
 - The 2018 Inter-Government Agreement on Greater Autonomy.
 - The latest CLRC-DPLGA proposals for the reintroduction of provincial assemblies
- The countervailing force is strong tho variable support for provincial autonomy.
- Bougainville had key role earlier.
- Bray (1982, p. 282): Bougainville 'won for the other provinces a decentralisation which some of them neither wanted nor could cope with'.
- Now Bougainville less influential from the 1990s due to the shift from "uniform" to "special treatment" decentralisation (Spina, 2013)
- But some other provinces want more autonomy, and the 21 provincial MPs can't be ignored.

4. PNG politics

- PNG politics supercharges the rivalry between national and provincial politicians
- All politics is local
 - High level of clientelism
- Most seats are marginal
- PNG politics also undermines good governance and service delivery. This in turn provides an ever-ready justification for decentralization reform.
 - Yet it may be that good governance is required for decentralisation to work rather than that decentralization will improve governance
 - The example at Bougainville: more autonomy, but better governed?

Conclusion

- Assessment: PNG's decentralization arrangements are unstable and evolving; there is less provincial decentralization than shortly after independence; decentralization arrangements have been increasingly complex; and there is an unusually/extremely high reliance on indirect representation.
- Explanation: These trends can be explained by the 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.

Final remarks

- No policy answers from this analysis, but several policy questions.
- What will be the next move?
 - CLRC report seemed like a clever compromise, and has been approved by NEC, but may be a stalemate.
 - Longer term, system likely to continue to evolve, as in many developing countries.
- PNG's system of "national decentralization" unique and 4 tiers unusual for a small country. But several findings from our research consistent with OECD countries.
 - 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.