

New data on sub-national governments in PNG

by Maholopa Laveil

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Photo Credit: [Flickr/Carsten ten Brink](#)

Understanding sub-national governance in Papua New Guinea is never easy as the data is hard to come by. To address this, I created the [Provincial Budget Database](#) earlier this year to track subnational fiscal data back to 2007. I have now expanded the database. This post reveals some of what we can learn from the new data.

Local-level governments (LLGs) are PNG's third tier of government, after the national government and provincial governments (there are also districts, corresponding to electorates, but these are not considered a tier of government). Getting a definitive list of LLGs has been difficult, but now we have one, and I have included it in the database. Of PNG's [372 LLGs](#), only 31 are urban while the rest are rural. By law, each district is limited to three rural LLGs save in exceptional circumstances. However, the average number of LLGs across PNG's 93 districts (Port Moresby's three districts don't contain LLGs) is actually 3.6. It is difficult to believe that there are "exceptional circumstances" for all the 42 districts that have more than three rural LLGs (Manus has the most at 11).

Table 1: Subnational governments in PNG, 2024

Region	Provinces	Districts	Urban LLGs	Rural LLGs	Total LLGs	Population (2021)
Southern	6	21	6	70	76	2,412,736
Highlands	7	36	11	112	123	4,566,698
Momase	4	26	7	97	104	3,040,584
Islands	5	13	7	62	69	1,761,841
Total	22	96	31	341	372	11,781,559

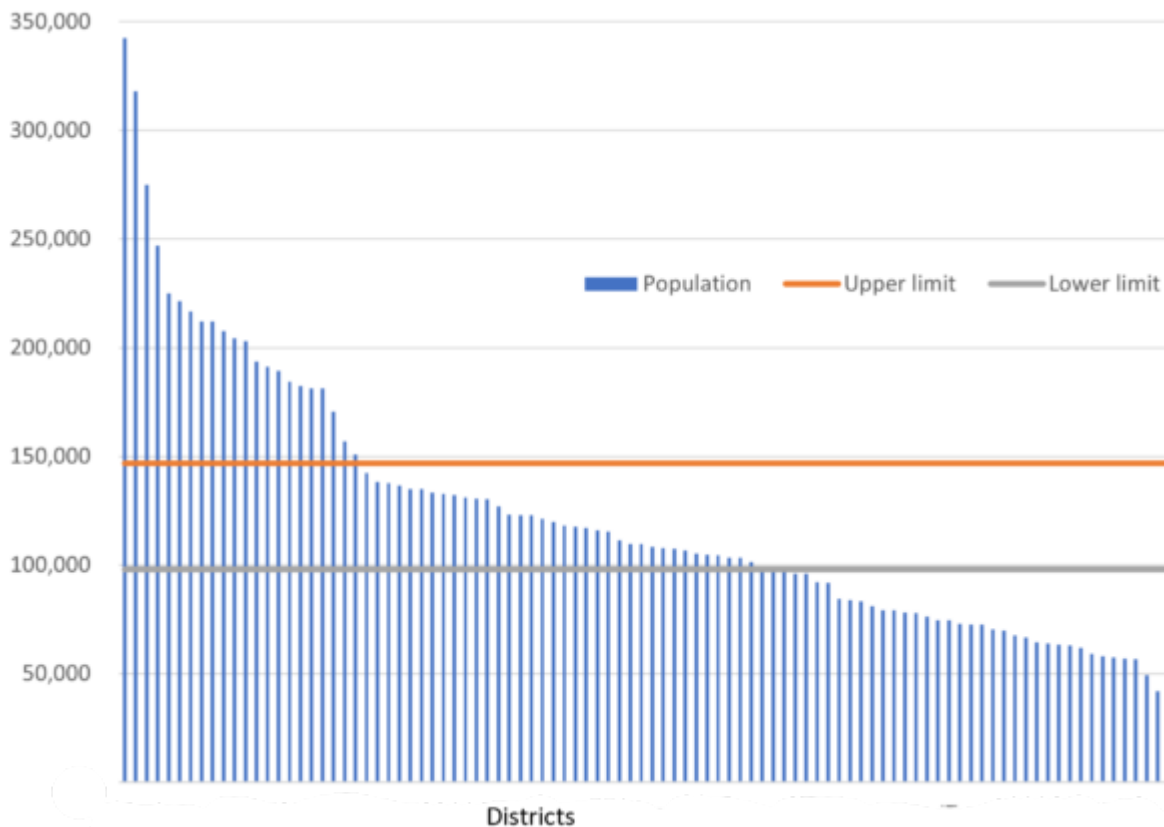
Source: PNG Province Budget Database • Created with Datawrapper

I've also included new population data in the database. This is per-district and is consistent with the [current best estimate](#) of PNG's total population, which is 11.8

million. This data shows that the variation across district populations has actually worsened, despite the 2022 district-splitting exercise (seven districts were each split into two). In 2011, the largest district was **5.4 times** larger than the smallest district. The largest district (now Nipa Kutubu in Southern Highlands) is now 14 times larger than the smallest district (now Obura Wonenara in Eastern Highlands).

By law, district populations are allowed to vary **20% either side of the district average**. By this legal standard, 22 districts (up from 21 in 2011) are too big, while another 36 (up from 32 in 2011) are too small. This worsening malapportionment is a concern given districts are the country's open electorates: it violates the basic democratic tenet that everyone should be equally represented in parliament.

Figure 1: PNG's district populations in 2021

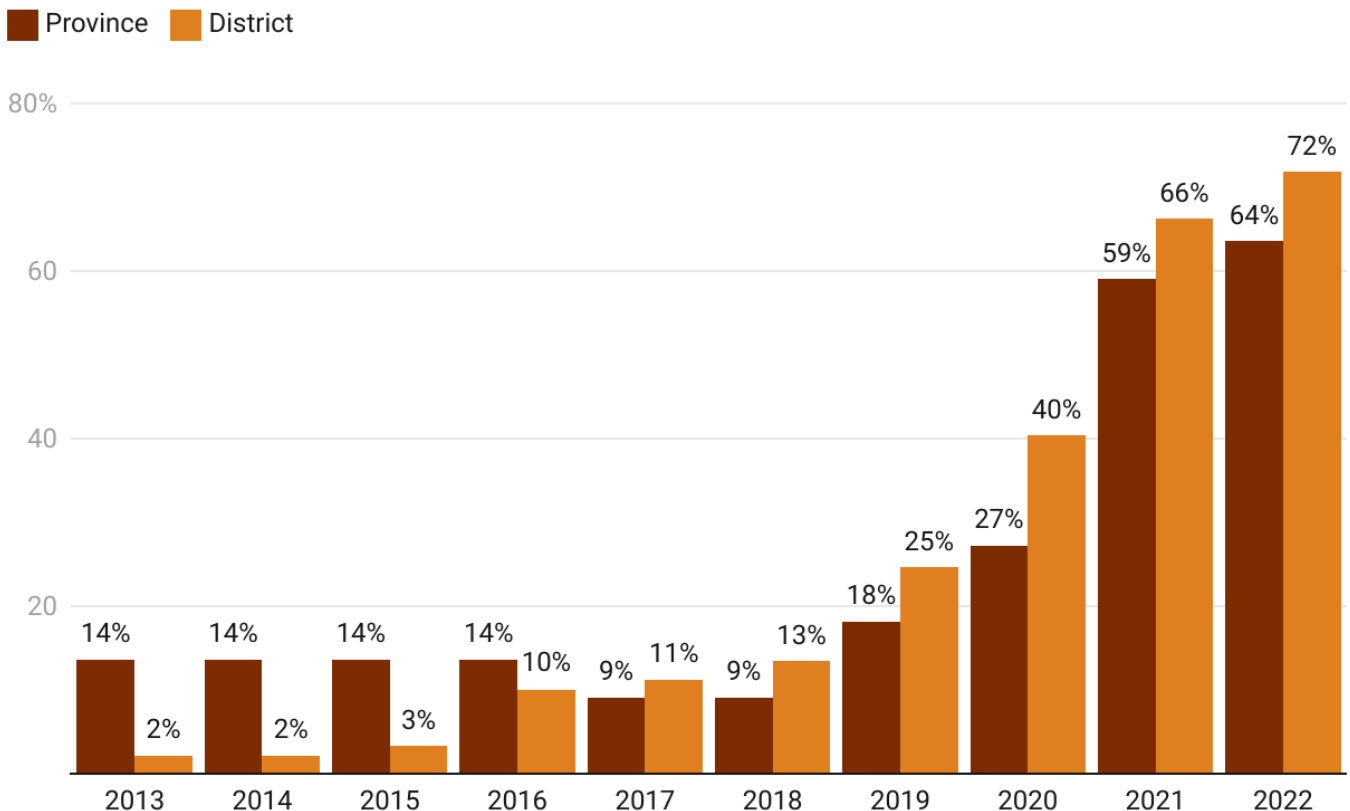


Source: [PNG Province Budget Database](#)

While the database's main focus is on sub-national revenue and expenditure, it also looks at sub-national governance. That aspect has been strengthened with the inclusion of data on the status of submissions by provinces and districts of acquittals for the Service Improvement Program (SIP) funding they receive. SIP funds are discretionary capital grants provided to provincial and district members of parliament (MPs). K9.65 billion of SIP funds were disbursed between 2013 and 2022. These **constituency development funds** are **managed directly** by politicians, and often referred to as MP slush funds. In fact they are meant to be for development, and

acquittals are compulsory. As the chart below shows, most provinces and districts do eventually acquit, but with a long delay. Two provinces (Hela and New Ireland) and one district (Kagua-Erave in Southern Highlands) have failed to acquit their SIP spending since 2013. On average, provinces are slower to acquit than districts.

Figure 2: share of provinces and districts that failed to acquit SIP spending, 2013 - 2022



Source: PNG Province Budget Database • Created with Datawrapper

The database now also has more detail on function grants from the national government, which are important for most provinces. These are designed to cover non-salary operational expenditure and service delivery costs for essential services including health and education. In [an earlier post](#), I noted that the 2014 spike in function grants, part of a ramping-up of national government spending, turned out to be unsustainable as commodity prices fell in subsequent years. In those years, higher government spending allowed for additional capital grants to be disbursed that were not initially budgeted for and ceased after 2018. These additional capital grants amounted to K4.6 billion, averaging 56% of function grants in years when they were disbursed.

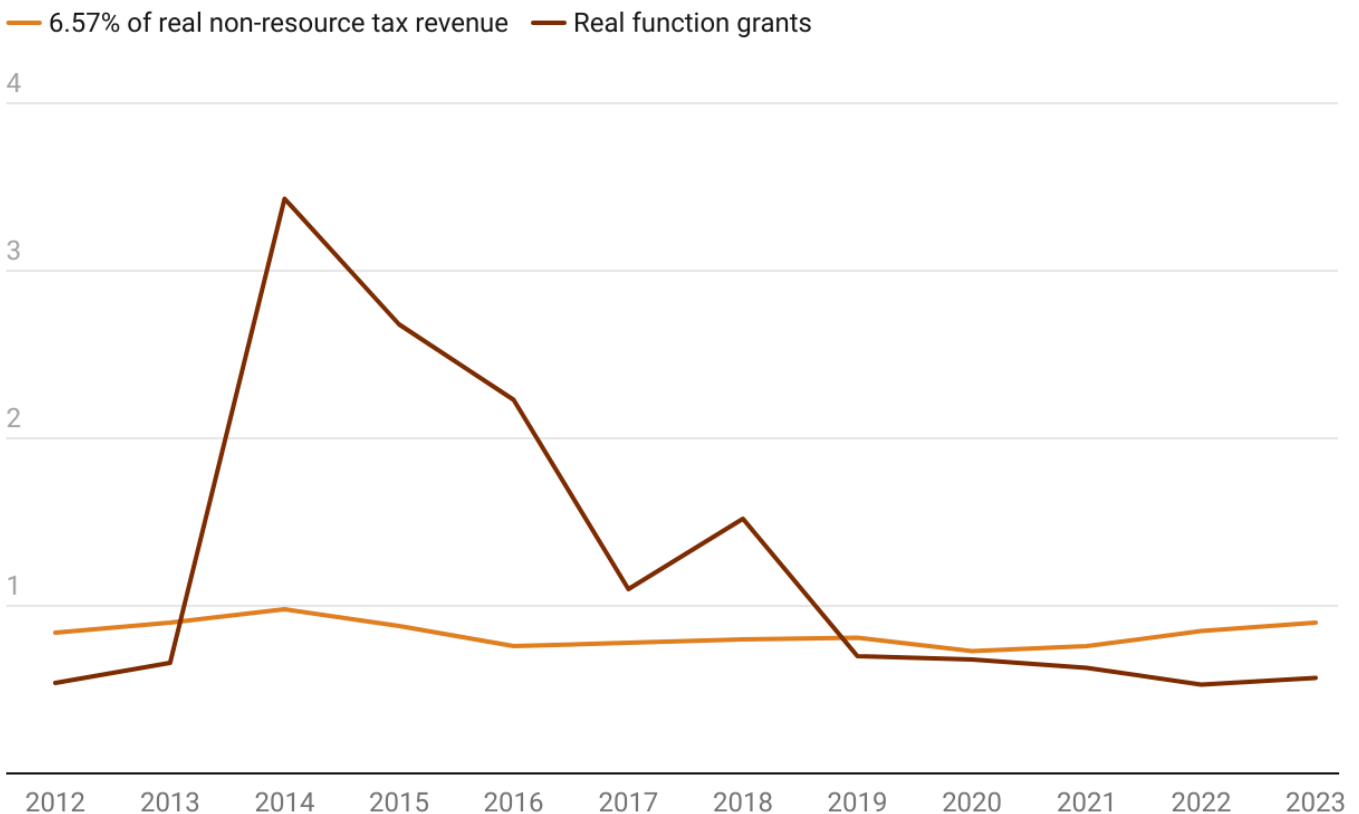
More recently, real (adjusted for inflation) function grant levels have been much lower and stagnant. By law, the [minimum function grant total](#) to be provided by national government to the provinces (excluding the National Capital District and

Bougainville given they are **governed by different acts**) is 6.57% of non-resource tax revenue. The chart below shows function grants have been flat after inflation since 2019, and below the 6.57% threshold. The lack of real growth in function grants is a damning indictment of real non-resource sector tax performance, but also means that the law has not been complied with.

The database now includes detail on the specific purposes for which function grants are provided, including education, health, transport, village courts, and LLGs. Health function grants are now given directly to Provincial Health Authorities, leaving education and transport as the biggest grants. Whether provinces actually spend their function grants for their intended purposes remains a subject for further research.

Figure 3: real non-resource tax revenue and functional grants (excl Bougainville, NCD) 2012-2023

Kina billions (2023 prices)



Source: PNG Budget Database • Created with Datawrapper

Sub-national governments are extremely important in modern-day PNG and rarely get the attention they deserve. The PNG Provincial Budget Database helps fill the gaps in our data and understanding about the challenges they face, and the resources they have available.

Disclosures:

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Link: <https://devpolicy.org/new-data-on-sub-national-governments-in-png-20241218/>