

**NEW IRELAND PROVINCIAL GOVERNMENT  
AUTONOMY COMMITTEE**

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**A MODEL FOR THE AUTONOMY ARRANGEMENTS**

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16/12/2020

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**A. INTRODUCTION.**

**(i) Background.**

The New Ireland Province and the East New Britain Provinces have called for autonomy for a while now. The New Ireland Province progressive journey towards achieving the highest form of autonomy for the Province started in 2008. East New Britain Province started their journey on autonomy a bit earlier in 2002.

The concept of "autonomy" pursued is one that encourages the formation of a collaborative relationship with the National Government in the governance of the New Ireland Province, East New Britain Province and the country.

Effectively, the concept of autonomy envisaged by both Provincial Government is one that allows the two Provinces to remain as an integral part of Papua New Guinea and to share the burden and the cost governing the country, through the sharing of wealth, functions and powers and grants and aid.

This is an autonomy agenda that is distinct and separate from the Bougainville autonomy agenda.

Both Provinces over the years have engaged in various actions, meetings with the National Government and made various policies and declarations to advance and give prominence to their autonomy agendas.

In June 2009, East New Britain Province presented the Palavat Document to Hon. Sir Michael Somare, then Prime Minister of Papua New Guinea, in Kokopo; held a consultative meeting between the East New Britain Autonomy Committee and the National Government, represented by the late Sir Manasupe Zurenuoc, then Secretary for the Department of Provincial Affairs in Kokopo in September 2009; the East New Britain Autonomy Committee presented a petition to the Hon. Job

Pomat, then Minister for Inter Government Relations, demanding for autonomy in 2010.

In the case of New Ireland, on the 7 September, 2016, the New Ireland Provincial Assembly made a Declaration of Autonomy, which declared that New Ireland was an autonomous Province and that the autonomy arrangements are to be sorted out before the 30 November, 2016, between the National Government and the New Ireland Provincial Government.

This declaration did not legally grant an autonomous status to the Province but gave notice to the National Government and the rest of the country that the New Ireland Province will pursue its autonomy agenda until it is considered by the National Government for implementation.

However, the implementation of the autonomy concept has been very minimal given the National Government's indifference to such a concept due to a lack a national policy and law on autonomy, apart from the autonomy arrangements granted to the Autonomous Region of Bougainville.

It is both the Provincial Governments' view that the lack of a national policy and law on autonomy should not continue the status quo the two Provinces are in at the moment and delay both Provinces progress towards autonomy, but rather forge ahead to lay the foundation to establish an autonomous status for the two Provinces.

This view has been encouraged by the National Government's commitment to consider autonomy for certain Provinces under the **Alotau Accord**. In the formation of the new government after the 2012 general elections in Alotau, Milne Bay Province, the coalition parties in the new government adopted the **Alotau Accord**, which contained amongst other mutually agreed commitments, for the National Government to consider granting autonomy to selected provinces. This view has been amplified in the **Alotau Accord II**, after the 2017 general election.

Therefore, in the absence of such a policy and law on autonomy and the commitments made under the **Alotau Accord** and subsequently **Alotau Accord II**, the two Provinces have proceeded to draft the relevant constitutional laws for enactment to establish and grant an autonomous status to the two Provinces and other Provinces at a later time and at the same time, set a foundation for the consideration and approval of the national policy and law on autonomy for the country.

**(ii) The New Ireland and East New Britain Provincial Autonomy Committees.**

The New Ireland Province Autonomy Committee and the East New Britain Autonomy Committee have been established and tasked by their Provincial Governments to take the appropriate steps to attain an autonomous status for their Provinces.

Since that time, both Provincial Autonomy Committees have worked tirelessly to prepare their Provinces for transition into the autonomy arrangements as self-reliant autonomous parts of Papua New Guinea.

Under this mandate, the two Committees objective are to achieve a greater autonomy for their Provinces from the National Government while at the same time, putting in place a framework to enable the Province to be self-sustaining and to exercise a certain level independence. To achieve this task, a component of their work, apart from policy initiatives, entails the drafting and the enactment of certain laws at the National Parliament and the Provincial Assembly to facilitate the achievement of the autonomy status for the two Provinces.

In this regard, the Committees have completed the drafting of the Constitutional laws on the autonomy arrangements and then will also embark on the other important and significant task of drafting other legislations to complement the application of the constitutional laws to effectively and efficiently implement the autonomy arrangements in the two Provinces.

It is envisaged that the two Committees will subsequently be tasked to monitor and oversee the implementation of autonomy laws and the progress of the establishment of the institutions, legal structures relating to governance, finance, administration and the systems and processes required under the autonomy arrangements in their Provinces.

**(iii) Current status of Submission of Autonomy.**

On the 18<sup>th</sup> November, 2017, the New Ireland and East New Britain Provincial Governments forwarded our Submission of Autonomy, comprising of the NEC Submission on the Autonomy Arrangements, the **Constitutional Amendment Law** and the **Organic Law on Autonomous Governments**, to the National Government, through the Minister for Provincial and Local Government Affairs, Hon. Kevin Isifu, MP.

We have since that time closely collaborated with the National Government for our Submission of Autonomy to be considered and approved by the NEC to facilitate the establishment and implementation of the autonomous arrangements in the country.

We took this course of action on the basis of the National Governments position and commitment to grant autonomy to the New Ireland Province.

On the 16th November, 2017, the National Government's position to grant autonomy to New Ireland Province was declared on Tsoi Island, Lavongai District, by the Minister for Provincial and Local Government Affairs, Hon. Kevin Isifu,

On the 2nd February 2018, the Prime Minister of Papua New Guinea, the Hon. Peter O'Neill, CMG, MP, at the closing of the 8th Leader's Summit in Port Moresby, made the commitment to grant Autonomy to New Ireland Province.

This commitment to grant autonomy to the New Ireland Province, was confirmed by the Prime Minister of Papua New Guinea, the Hon. Peter O'Neill, CMG, MP on the 15th and 16th March, 2018, at the opening of the Government Houses in Namatanai and Kavieng.

On the basis of these commitments by the National Government, we have been advised by the Department of Provincial and Local Government Affairs, on the 18th May, 2018, that our Submission of Autonomy is going through the processes of the DPLGA and the CACC for deliberations and advise to the Chief Secretary and subsequently to the National Government. They also advised that the NEC has approved implementation of autonomy in three provinces - New Ireland, East New Britain and Enga.

## **B. CONCEPT OF AUTONOMY.**

The concept of "autonomy" pursued is one that does not envisage breaking away from Papua New Guinea but rather is one that encourages the sharing the burden and the cost governing the country, through the sharing of wealth, functions and powers and grants and aid with each other.

Under this arrangement, it is envisaged that apart from seeking to strengthen their relationship and adding value to the work and core functions of both the National Government and the New Ireland Provincial Government and the East New Britain Provincial Government, it allows these Governments to share the burden and the cost of managing and administering certain powers and

functions of the National Government in the areas of governance, public service, the fiscal regime and the other sectors, i.e., infrastructure development, health, mining, fisheries, education.

In a nutshell, achieving an autonomous status basically allows the two Provincial Governments to acquire more powers from the National Government, which they are capable of handling, and to govern their affairs and people according to their own development goals, programs and policies, while at the same time, remaining as integral parts of Papua New Guinea and assisting in the governance and administration of the affairs of the country. However, this time, the New Ireland Provincial Government and East New Britain Provincial Government will have more say on the manner and extent as to what happens to their Provinces and their people.

This proposal aims to enable the autonomous government to attain some level of independence in relation to the decision-making process and the funding and control of development aspirations of the Province and at the same time to assist the National Government in the governance of the country.

### **C. BASIS OF AUTONOMY.**

The New Ireland and East New Britain Provinces intention to achieve the highest form of autonomy is mandated by the **Malagan Declaration**, **Malagan Declaration Forward** and the **Palavat Document**. These documents define a pathway for development to transform the two Provinces into proud, progressive and prosperous parts of Papua New Guinea through an autonomy arrangement.

These documents have been amply endorsed and adopted by the Provincial Executive Councils of both Provincial Governments.

The decision of both Provincial Governments to achieve an autonomous status for their Province and the subsequent actions taken to adopt the **Malagan Declaration**, **Malagan Declaration Forward** and the **Palavat Document** to prepare the Provinces for transition into an autonomy arrangement is amply supported by and is within the ambit of the law by having its legal basis in Section 2 of the **Constitution** in the **National Goals and Directive Principles**, relating to **Equality and Participation**, which declares that all citizens must have an equal opportunity to participate in, and benefit from, the development from our country and calls for "the creation of political structures that will enable effective, meaningful participation by our people in that life, and in view of the rich cultural and ethnic diversity of our people, for those structures to provide for substantial decentralization of all forms of government activity".

#### D. PRINCIPLES UNDERPINNING THE CONCEPT OF AUTONOMY.

The autonomy arrangements pursued by the New Ireland Province and the East New Britain Province is underpinned by three main principles:

1. **POLITICAL AUTONOMY:**  
*The attainment of some level of independence in relation to the decision making process and the funding and control of development aspirations of the Province; and*
2. **ADMINISTRATIVE AUTONOMY:**  
*The maintenance of New Ireland Province and East New Britain Province as integral parts of Papua New Guinea and at the same time establishing a collaborative relationship with the National Government in the administration and governance of the country.*
3. **FINANCIAL AUTONOMY:**  
*The sharing of functions and powers relating to wealth, grants and aid, with each other.*

In essence, the two Province's desire for autonomy is to achieve political autonomy, administrative autonomy and financial autonomy and the proposed **Constitution (Amendment) Law** and **the Organic Law on the Autonomous Governments**, gives prominence to the achievement of these three principles.

#### E. CONSTITUTIONAL BASIS.

The Constitution makes provision for the system of government that is being applied in the country so an affirmative decision to grant and establish the autonomy arrangements for the Province, i.e., with the achievement of the three principles of political autonomy, administrative autonomy and financial autonomy, will significantly alter the system of government provided for under the Constitution.

Therefore, any change to such a system must be authorized by the Constitution. Given that New Ireland and East New Britain will remain as integral parts of Papua New Guinea and the autonomy arrangements operating within the parameters of the Constitution, it is necessary for the constitutional basis for the autonomy arrangements for the two Provinces, to be authorized and entrenched in the Constitution.

In this regard, **the Constitution (Amendment) Law** and **the Organic Law on the Autonomous Governments**, are being proposed by the two Provinces for



enactment to establish the constitutional basis for the autonomy arrangement for the two Provinces.

The **Constitution (Amendment) Law** inserts a new Part XV in the **Constitution** to authorize the granting of an autonomous status to the Provinces.

While the **Organic Law on the Autonomous Government** gives effect to Part XV (**autonomous government**) of the **Constitution**, by specifying the details, systems, powers and the processes to be used to enable the granting and the establishment of autonomous governments to the Provinces.

These laws set out the constitutional and the legislative basis and framework for the autonomy arrangement and provides the details of the type, system and the structure of government, its membership and powers, and the electoral process to be applied to the two Provinces and a Local Government system, provisions on the transfer of National Government powers and functions to the two Provincial Governments, including the transfer of the public service functions and the acquisition of certain fiscal and taxation powers and the details of the relationship between the National Government and the two Provincial Governments under the autonomy arrangement.

Under this arrangement, the two Provinces will pilot the autonomy arrangements. The autonomy arrangements will come into operation for New Ireland Province and East New Britain Province, on the certification of the Constitutional Laws. For all the other Provinces – in accordance with a notice in the National Gazette by the Head of State, acting with, and in accordance with, the advice of the Minister.

## **F. OVERVIEW OF THE AUTONOMY ARRANGEMENTS.**

Some salient features of the autonomy arrangements, classed under the three principles of political autonomy, administrative autonomy and financial autonomy, are as follows:

### **(I). THE POLITICAL AUTONOMY:**

#### **(a) System of Government**

The composition of the system of government consists of the Autonomous Government and a system of Local Government and the governments will have a legislative and an executive arm and their own administrative systems.

(b) **Legislative arm of New Ireland Government**

The Autonomous Government Legislative Council will be headed by the Speaker and the Deputy Speaker, who are members of the Legislative Council and are elected by the Members of the Council.

The membership of the Autonomous Government Legislative Council will comprise of the Members of Parliament, the Local Government Presidents, to be determined by and appointed by the Governor and a number of appointed members, not exceeding 5.

The Members of Parliament will continue to exercise and perform their responsibilities in the Autonomous Government Legislative Council and the Autonomous Government Executive Council, similar to what they are doing now under the current system.

(c) **Executive arm of Autonomous Government**

The Autonomous Government Executive Council will be headed by the Governor.

The Governor is the Member of the National Parliament representing the Provincial electorate, while the Deputy Governor is appointed by the Governor, who may be a Member of Parliament, President or an appointed member.

Its membership is comprised of the Governor, Deputy Governor and the Chairmen. The number of the Chairmen is determined by the Governor, who also appoints and dismisses them.

The number of its membership must not be more than one third of the total membership of the Autonomous Government Legislative Council or twelve, whichever is greater.

(d) **Local Governments.**

An Autonomous Government Law shall make provision for a system of Local Governments for rural and urban communities and it may take the form as is approved by the Autonomous Government Executive Council. The number of Local Governments in each open electorate will be determined by the Autonomous Government Executive Council.

The Governor, acting on the advice of the Autonomous Government Executive Council, is empowered, by proclamation, to establish or abolish a Local Government in and for the area described in the proclamation. The abolition of a Local Government must be

approved by the Autonomous Government Executive Council and the Autonomous Government Legislative Council.

(e) **Legislative Arm of Local Governments.**

The membership of the Local Government Assembly is comprised of elected ward members and appointed members.

The President of the Local Government is also the Chairman of the Assembly.

The term of a Local government is the same as the Autonomous Government and therefore, the terms of the members in both systems of government, are similar.

(f) **Executive Arm of Local Governments.**

The President of the Local Government is also the head and Chairman of the Local Government Executive Council.

The Local Government Executive Council's membership consists of the President of the Local Government and the Chairmen of the Committees of the executive arm of the Local Government.

The total membership of the Local Government Executive Council must not exceed one-third of the total membership of the Local Government Assembly.

(g) **Election of President and the Deputy President of the Local Government.**

The President and the Deputy President of the Local Government will be directly elected by the electors. In the case of the Deputy President, a woman will be elected as the Deputy President of a Local Government for a term of ten years commencing on the date of the coming into operation of the Organic Law and ceasing on the date of the return of the writs of the 2027 general election. After this period, anyone, including a woman, can be elected as a Deputy President.

Election of a woman as the Deputy President is to recognize the significant role the woman plays in the society and the family unit and also to implement gender balance in the political sphere. The New Ireland Province is a matrilineal society and woman play a very important role in the determining ownership rights, solving disputes, cultural activities, etc., in every day life of people in the Province. However, in the political sphere, little or minimal

attention is given to women. Consequently, this proposal aims to change the mindset of people to accept that woman can and are capable of undertaking leadership roles in politics and other leadership environments.

(h) **Motion of no confidence.**

Provision is made for a motion of no confidence to be moved against certain members of the Autonomous Government and the Local Government, either individually or collectively.

In a motion of no confidence against the Governor, President and Deputy President of the Local Government, no member will be nominated to assume the respective offices. A successful motion of no confidence against the President and Deputy President of the Local Government, will result in a by election in the respective offices. In the case of a Governor, another member of the Autonomous Government Legislative Council will be elected as the Governor by the members.

(i) **Electoral System.**

There will be no elections to the Autonomous Government Legislative Council conducted under this Organic Law, but only an election to the Local Government Assembly will be conducted by the Electoral Commission in accordance with the Organic Law on the National and Local Level Government Elections.

The Electoral Commission may cease to conduct elections for the Local Governments Assembly where an Organic Law or an Autonomous Government law provides otherwise.

It is also required that the election of the Governor, President and Deputy President must be held at the same time as the Province's general elections.

(j) **Political Parties.**

Political parties may register to participate in the elections and the affairs of the government.

(k) **Law making powers.**

The Autonomous Government Legislative Council and the Local Government Assembly have full powers to make laws as provided for in this Organic Law, an Autonomous Government law or other laws.

Under this arrangement, laws made by the Autonomous Government Legislative Council and the Local Government Assembly may be put into operation without being forwarded to the National Government for screening. The Autonomous Government legislatures are only obliged to make a copy of the law available to the National Government.

Such laws are the prevailing laws regarding matters that fall within the jurisdiction of the Autonomous Government and have the status as a provincial law. So, where its provisions are inconsistent with a national law on the same matter, its provisions shall be subservient to the provisions of the national law.

Provision is made allowing the Autonomous Government and the National Government to legislate on the functions and powers of one another and for the national laws to continue to apply to the functions and powers available to the Autonomous Government and the Autonomous Government laws.

The Autonomous Government has the powers to adopt national laws in relation to the functions and powers transferred to or available to the Autonomous Government, to apply in relation to the Province.

(l) **Leadership Code**

Provision is made for the Leadership Code to apply to the members of the Autonomous Government and the Local Governments, public servants and other persons holding public offices as are declared by an Autonomous Government law to be offices to which the Leadership Code applies.

(m) **Withdrawal of powers, suspensions of government**

Under the autonomy arrangements, the National Government has no power to withdraw the powers, functions and finances of the Autonomous Government or its local governments or suspend the Autonomous Government or its local governments from exercising their powers, functions and finances, for any reason.

(n) **Dispute resolution**

Any dispute arising under the autonomy arrangements between the National Government and the Autonomous Government shall be resolved through the dispute resolution procedure specified under the law, i.e., by consultation, mediation and arbitration, review and through the jurisdiction of the courts.

(o) **Review of autonomy arrangements**

The National Government and the Autonomous Government are required to meet as close as is practicable to the fifth anniversary of the establishment of the Autonomous Government and every five years thereafter, jointly to review the autonomy arrangements, may agree to additional reviews of the autonomy arrangements at any time and shall present a report of each review to the National Parliament and to the Autonomous Government Legislative Council.

In addition to the reviews, the National Government and the Autonomous Government shall hold annual, wide-ranging consultations on the general operation of the autonomy arrangements.

(p) **Grant of Autonomous Government.**

The National Government is empowered to grant a system of autonomous governments to other Provinces, other than the New Ireland, East New Britain and Enga Provinces, which are granted a system of autonomous government on the certification of the Organic Law.

Each Provincial Government will have to apply to the Minister responsible for Autonomous Governments and also indicate the effective and efficient establishment and compliance with governmental support infrastructure, processes and systems, to be granted a system of autonomous governments.

(q) **Heads of Autonomous Governments Council.**

A Heads of Autonomous Governments Council is established to carry out consultations with the National Government on autonomy matters.

The membership of the Heads of the Autonomous Governments Council is comprised of the Governors or heads of all the Autonomous Governments and such other members as may be determined by the Heads of the Autonomous Governments Council.

The Heads of the Autonomous Governments Council will be funded by all the Autonomous Governments.

**(II) THE ADMINISTRATIVE AUTONOMY:**

**(a) Division of functions and powers.**

The functions and powers of government relating to a Province will be divided and transferred between the National Government and the Autonomous Government. Those powers and functions are indicated in the Organic law.

The functions and powers that of general application to the country will remain with the National Government, e.g. - central banking; currency; customs; defence; foreign relations (including foreign aid), etc.

The National Government is also responsible for the operation of the functions and powers of a governmental body or State agency or instrumentality, firearms control, foreign investment to the extent permitted by the law and to develop the infrastructure relative to its functions and powers.

The functions and powers available to the Autonomous Government are those that will create peace, order and good governance in the Province and will enhance the welfare of its people, e.g.- agriculture; churches and religion; communications and information services within a Province; education; energy (including electricity and power generation and distribution); environment; fisheries (other than highly migratory or straddling stocks); forestry and agro-forestry; housing (but not State-owned housing; land and natural resources; land, sea and air transport; mining; tourism, etc.

The function and power relating to foreign investment relating to a Province is to be exercised by the Autonomous Government in collaboration with the National Government.

Any power or function not transferred to the Autonomous Government remains with the National Government.

Each government is required to notify and consult with each other if wishing to legislate on a matter which it is not responsible for.

**(b) Transfer of Powers and Functions Generally.**

Both Governments are required to prepare agreed plans for co-operating in implementing the transfer of functions and powers. This plan should indicate the criteria, indicators and targets of

capacity and resources available to or required by the Autonomous Government that should be taken into account in making proper preparations for the transfer of particular functions and powers.

A function or power that is so closely linked to another function or power to be transferred or available to the Autonomous Government, may be transferred together to the Autonomous Government.

A transfer of a function and power must follow a process, whereby the Autonomous Government must consider its needs and capacity in relation to the function or power, initiate the transfer by giving to the National Government 12 months' notice of its intention to seek the transfer of the function or power and consult the National Government concerning the transfer, unless both Governments otherwise agree.

The National Government may transfer to the Autonomous Government, at the same time as the transfer of a function or power, such assets, personnel and land as are associated with the function or power.

The National Government or the Autonomous Government may, by agreement, transfer or delegate any function or power (including a financial function or power) to the other Government.

(c) **Public Service.**

On the expiry of the transitional period, i.e., a period of twelve months commencing on the date after the coming into operation of this Organic Law and on which the Autonomous Government requests that the agreed arrangement for the delegation of powers in relation to the Public Service to commence, the Provincial Public Service will be established with the officers of the National Public Service becoming officers of the Provincial Public Service, except for those officers who choose to remain as officers of the National Public Service.

The National Government is obliged to pay and transfer the accrued rights and entitlements of those officers of the public service becoming officers of the Provincial Public Service, between the National Public Service and the Provincial Public Service.



The provisions of the **Public Service (Management) Act 1995** shall continue to apply to the Public Service in a Province until an Autonomous Government law replaces it.

An Autonomous Government law will provide for the matters on a Province's Public service relating to recruitment, terms and conditions of employment and other personnel matters for the Province's Public Services based on individual merit.

Prior to the establishment of a Province's Public Service, on the request of a Province's Interim Provincial Government or the Autonomous Government, the National Government shall facilitate progress towards greater autonomy in the management of the Public Service in the Province's through delegations by the Departmental Head of the Department responsible for personnel management matters in the National Public Service, to the Provincial Administrator of a Province or the head of the Public Service.

During the transitional period, the Provincial Administrator for a Province must take steps to plan for the implementation of the province's Public Service, including the determination of the organization structures, terms and conditions, the General Orders and manpower budgets.

(d) **Appointment of Provincial Administrator and District Administrators**

Under the autonomy arrangements, the Autonomous Government is empowered to appoint the Provincial Administrator.

Similarly, the Autonomous Government is empowered to appoint the District Administrators.

(e) **Administrative System.**

The administrative system of the Autonomous Government and Local Government's consists of the administrative institutions consisting of the offices of Provincial Administrator and District Administrators and an extended service of the National Departments and other agencies and the personnel.

A provincial administrative headquarter and district administrative headquarters are required to be established and their boundaries are to be indicated and to be headed by the Provincial Administrator and the District Administrators.

The staff of the province and of a district consists of the officers of the National Public Service assigned to the province, the members of the Teaching Service assigned to the province by the Teaching Service Commission to carry out teaching and educational functions, such other personnel and the officers of the Province's Public Service.

(f) **Judicial matters**

Provinces will continue to use the existing judicial system in the resolution of disputes. Legislating for the establishment or administration of courts or to the exercise of judicial power is not allowed. However, laws may be made in relation to the exercise or of powers or functions (other than judicial powers or functions) in relation to the administration of courts or tribunals, the establishment of tribunals of an administrative or quasi-judicial kind or making provision for offences and fines and other punishments, penalties and forfeitures for offences against an Autonomous Government law or a Local Government law or for the establishment and administration of village courts.

(g) **Provincial planning and data system**

The Autonomous Government is required to establish and maintain an effective and efficient provincial planning and data system to record and evaluate relevant data on population, economic and social factors, infrastructure, physical characteristics, exports and other relevant information about the province or Local government areas.

(h) **Census**

A census for the count of all natural persons in the province in the year preceding the general election, other than a general election following a dissolution of the Autonomous Government Legislative Council, will be carried out.

**(III) THE FINANCIAL AUTONOMY:**

(a) **Assembly and Finance - Budgets.**

The Autonomous Government Legislative Council or the Local Government Assembly are authorized to pass their budgets and implement them without intervention from the National Government.

If no budget is passed at the beginning of the fiscal year, the Autonomous Government or the Local Government may expend

amounts appropriated out of the Province's Consolidated Revenue not exceeding in total one third of its budgeted expenditure during the immediately preceding fiscal year.

(b) **Revenue Raising Arrangements.**

The Autonomous Government is empowered to impose and collect company tax, duties of customs and the goods and services tax and personal income tax collected in the Province and to pay such moneys to a provincial consolidated fund account established for the purpose. It is also empowered to adjust the rate of company tax, duties of customs and goods and services tax and income tax, which takes into account the rates fixed for that time by the National Government.

(c) **Tax Office**

The Autonomous Government is empowered to establish its own tax office and to fix rates in respect of all taxes under its own tax regime. The Autonomous Government has power to establish a provincial consolidated fund account into which the revenue from the taxes collected shall be paid.

Until such time as the Autonomous Government has established a Provincial tax office, the Internal Revenue Commission shall, for and on behalf of the Autonomous Government, collect all taxes of the Autonomous Government. On the establishment of a Provincial tax office, the Provincial tax office may collect, by agreement with the Internal Revenue Commission, certain taxes, for and on behalf of the Internal Revenue Commission.

The National Government and the Autonomous Government shall each have the right to audit taxes paid into the account established under this law.

(d) **Financial Grants and Assistance.**

The National Government is obliged to make grants to the Autonomous Government, i.e., recurrent unconditional grants, restoration and development grants, establishment grant and conditional grants for specific purposes. The amounts may vary depending on a formulae agreed between the National Government and the Autonomous Government. These grants shall be paid directly to the Autonomous Government, not later than 31 March in each fiscal year.

- (e) **Benefits from Natural Resources.**  
The Autonomous Government is empowered to collect, manage and control the revenues generated from the natural resources within the Province.

A developer of a natural resource, is required to pay to the Autonomous Government and the Local Governments of the Province or area in which the development is situated, development levies and to the Autonomous Government, royalties in respect of natural resources obtained, for payment to the owners of the land from which the natural resources were obtained.

- (f) **National Government Incomes.**  
The National Government is obliged to share with the Autonomous Government and Local Governments, the revenues of the National Government generated from sources within the Provinces.

- (g) **Investments.**  
Investments by the Autonomous Government and the Local Governments shall be regulated by an Autonomous Government law.

- (h) **Loans, Borrowings and Guarantees.**  
Subject to national laws, Autonomous Government and Local Governments may borrow or obtain loans and give guarantees in relation to such borrowings and loans in accordance with an Autonomous Government law.

- (i) **Fiscal Accountability.**  
The National Government can, through the Auditor General's office, to carry out an audit of the funding in relation to the recurrent unconditional grants or conditional grants provide to the Autonomous Government. Any systematic and widespread abuse (or misuse) of funding provided to the Autonomous Government by way of recurrent unconditional grants or conditional grants, would need to be resolved following a procedure.

The Autonomous Government and a Local Government shall keep or cause to be kept proper accounts and records of their transactions and affairs, in accordance with an Autonomous Government law. The annual audited financial and other reports of the Autonomous Government and a Local Government for each fiscal year shall be submitted to the Autonomous Government Executive no later than 30 April in the year succeeding.

Inspection and reporting on accounts and records of the Autonomous Government or a Local Government will be undertaken by Provincial Administrator and the Head of the Department responsible for finance matters and authorized persons.

(j) **Treasury Offices.**

A Provincial Treasury and the District Treasuries, to be headed by the Provincial Treasurer, will be established.

The Autonomous Government is responsible for overseeing the affairs of the Provincial and District Treasury in the management of public moneys in the Province and not the National Government.

(k) **Appointment of Provincial Treasurer and District Treasurer**

The Provincial Treasurer and District Treasurers will be appointed by the Provincial Administrator.

The Autonomous Government is responsible for overseeing the work of the Provincial and District Treasurers in the management of public moneys in the Province and not the National Government.

(l) **Control of Natural Resources.**

Provision is made for all the decisions, responsibilities, powers and function in relation the development of a natural resource in the Province to be vested in and to be exercised by the Autonomous Government. The National Government is required to consult the Autonomous Government on any policies, plans and programs affecting the development of natural resources in the Province. Any prior natural resources development project must comply with this law.

Consultation among the National Government, the developer, and the Autonomous Government, the Local Government and the landowners in any project is required. A failure to comply with this requirement renders an agreement or arrangement in relation to a natural resource development, invalid and unenforceable in a court of law.

(m) **Revenue sharing arrangement.**

The revenue from all the taxes collected in the Province will be shared between the National Government and the Autonomous Government for development purposes.

The revenues generated from the natural resources within the Province will be shared with the National Government, in accordance with a formulae agreed to between the Autonomous Government and the National Government.

**G. CONCLUSION.**

The thrust of the **Constitution (Amendment) Law** and the **Organic Law on the Autonomous Governments** is to establish and grant an autonomous status to the Provinces within the framework of the PNG National Constitution and establish a model of autonomy arrangement for the country.

The concept of "autonomy" pursued is one that does not envisage breaking away from Papua New Guinea and ultimate independence but rather is one that encourages the sharing of powers, governance and wealth with each other or to form a collaborative relationship with the National Government in the governance of the Provinces and the country. However, this time, the Provinces will have more say on the manner and extent as to what happens to the Province and their people.

This is an autonomy agenda that is distinct and separate from the Bougainville autonomy agenda.

In essence, the Provinces desire for autonomy is to achieve political autonomy, financial autonomy and administrative autonomy, while remaining as integral parts of Papua New Guinea and to share the burden and the cost governing the country, through the sharing of wealth, functions and powers and grants and aid with each other.