

THE LOCAL GOVERNMENT SYSTEM IN

PAPUA NEW GUINEA



1 INTRODUCTION

The independent state of Papua New Guinea lies wholly within the southern tropics to the north of Australia. It consists of about 600 islands and the eastern half of the island of New Guinea, sharing a land border with Indonesia. The population is estimated at 5,795,887¹ and the total area is 462,840 sq km of which 452,980 sq km is land area.

Papua New Guinea (PNG) is a constitutional monarchy; HM Queen Elizabeth II is the head of state represented by a governor-general appointed by parliament for a period of five years. Parliament is a unicameral House of Assembly with 109 members: 20 from provincial constituencies and 89 from open constituencies.

The governor-general appoints the cabinet on the recommendation of the prime minister. Cabinet members must be drawn from the elected members of the National Parliament.

There are three spheres of government: national, provincial and local. There are 19 provinces, the national capital area of Port Moresby, and 89 districts. Local governments are called local-level governments (LLGs). There are 26 urban LLGs and 286 rural LLGs.

2 POLITICAL AND ORGANISATIONAL STRUCTURE OF PAPUA NEW GUINEA

From 1988 to 1997 a civil war was fought over the issue of Bougainville secession.

Negotiations led, in 1997, to a widespread but not total ceasefire. The following year the remaining combatants signed a truce. In 2001 the Bougainville Peace Agreement ended a conflict that took 20,000 lives by providing a government with a high degree of autonomy for the island.²

The most recent elections were held in 2007, contested by over 40 political parties. The government is now formed by the National Alliance (13), the People's Action Party (6), Pangu Pati (6), People's Democratic Party (5), United Resource Party (5), People's National Congress (4), People's Party (3), Melanesian Liberal Party (2), United Party (2), Melanesian Alliance (1), National Advance Party (1), People's First Party (1) and PNG Labour Party (1).³

New governments cannot be subjected to a no-confidence vote for the first 18 months of their administration. This law was introduced in order to negate the revolving-door syndrome that resulted from the proliferation of small party groups and independents in Papua New Guinea.

Recent electoral reforms introduced, from May 2003, elections by popular vote for single-member constituencies. The electoral system changed from first-past-the-post to a majority system known as limited preferential voting (LPV) for the National Parliament elections. Voters in national elections express their preference for candidates on the ballot paper marking

them 1, 2, 3 accordingly. In successive rounds of counting the lowest falls from the counting procedure and second preferences are duly accorded to remaining candidates. When one achieves a majority of votes, they are declared the winner for that constituency.

In June 1995, the Provincial Government Reform Bill introduced changes to the provincial government system, with regional (at large) members becoming provincial governors while retaining their seats in the national House of Assembly.⁴ The provincial assemblies comprise the members of the House of Assembly from that province, the heads of rural local governments, a representative of the urban local governments, one woman representative, three chiefly representative (in those provinces where it is appropriate) and up to three further nominees.⁵

In each province, the local governments feed into the Joint District Planning and Budget Priorities Committee, which in turn reports to the Joint Provincial Planning and Budget Priorities Committee.⁶

Trends in governance policy over the past decade have included moves towards greater democracy through improved transparency and accountability and effective and efficient delivery of basic services in education, health infrastructure and economically sustainable development.

Local elections were scheduled to be held three months after the national elections in 2007, but these have been postponed until May 2008.

2.1 Position of local government in the state

The Minister of Provincial and Local Government Affairs has statutory responsibilities over all matters of local government in accordance with the Organic Law on Provincial Governments 1995 and Local-level Governments and the Local-level Governments Administration Act 1997. The minister has dismissed several members in the past for misconduct in office and for neglect of duty.

Districts are administrative while provinces and local governments are political and administrative.

3 LEGAL BASIS FOR LOCAL GOVERNMENT

3.1 Constitutional provisions

Local government is enshrined in the national constitution.

3.2 Main legislative texts

The main legislation relating to local government is:

- Organic Law on Provincial Governments and Local-Level Governments 1995
- Local-Level Governments Administration Act 1997
- Provincial Governments Administration Act 1997.

Some minor amendments were made to the Organic Law in 1995 to improve implementation but the Local-Level Governments Administration Act has remained unchanged. The Minister for Provincial and Local Government Affairs is responsible for the administration of this legislation.

4 LOCAL GOVERNMENT ORGANISATIONAL STRUCTURE

4.1 Main divisions

Papua New Guinea has 312 local governments comprising 26 urban and 286 rural councils. There is very little difference in

either the composition or the functions and responsibilities of the two types of government.

4.2 Distribution of local governments and population

The average population of each local government is 16,000. Only 12% of the population lives in urban areas. National Capital District (NCDC) is the largest authority.

5 DEMOCRATIC AND POLITICAL STRUCTURES IN LOCAL GOVERNMENT

Councillors are elected by the limited preferential voting (LPV) system. The leader of the LLG may be elected by the councillors or, if there is a proclamation by the head of state, directly elected by the electorate. The term of office is five years.

PNG has a ward system, each electing a single member. Each council may also have up to three additional members appointed to represent various interest groups as follows:

- One nominated by the PNG Trade Union Congress
- One nominated by the Employers' Federation
- One to represent women's organisations. In the rural sector two women are nominated.

This has ensured the inclusion of at least one woman appointed councillor in each of the

312 local governments. 10% of all councillors are women.

Councils have full discretion to establish the committees they deem necessary to carry out their functions effectively and efficiently.¹⁰

Local councils operate a leader-in-council system. The whole council represents the executive body as well as the legislative body in local government. All leaders are full-time and are paid K50-200 per month. This remuneration is determined by the Salaries Remuneration Commission.

There is no variation in the democratic system throughout Papua New Guinea.

5.1 Participative structures

The Organic Law on Provincial Governments and Local Level Governments provides for participative structures including a committee system that involves reporting from community meetings to ward development committees to the LLG. Each ward committee comprises the elected member for the ward (who is the chairperson) and a maximum of five community representatives (of whom two must be women) as associate members.¹¹ The function of the ward committee is to serve as a consultative and advisory committee to the LLG.¹²

5.2 Local government staffing

Local government staff are members of the National Public Service and are recruited by, and the responsibility of, the central government Department of Personnel Management. Officers of the National Public Service may from time to time be deployed to work within the districts.

The district administrator is also the chief executive officer of the LLG in a district, and is responsible for administrative services and the coordination of policy formulation, planning and implementation.

5.3 Independent scrutiny

Independent scrutiny is provided by the Public Services Commission and the Auditor General, in accordance with the Public Service Commission Act and the Auditor General Act.

6 DISTRIBUTION OF SERVICE DELIVERY COMPETENCE

Most public services are provided by the national government with support provided by the provinces and the LLG. Local authorities are involved in the development of roads and parks, refuse collection and disposal, health and environmental protection, economic promotion and tourism.¹³ They are also responsible for water supply (see Annex A).

Table 1. Distribution of local governments⁷ and population

Province	Number of urban LLGs	Number of rural LLGs	Population ⁸	% urban ⁹
Bougainville	1		c.154,000	15.8
Central		13	148,195	4.7
Chimbu	2	18	183,849	3.9
Eastern Highlands	2	22	300,648	8.5
East New Britain	2	17	185,459	11.8
East Sepik	1	25	254,371	10.4
Enga	1	14	235,561	1.7
Gulf	1	9	68,737	10.5
Madang	1	18	253,195	14.2
Manus	1	11	32,840	17.6
Milne Bay	1	15	158,780	6.9
Morobe	3	29	380,117	26.4
NCDC	1		195,570	100
New Ireland	1	8	86,999	9.4
Oro	1	1	96,491	14.5
Sandaun	1	16	139,917	8.3
Southern Highlands	3	29	317,437	2.6
Western	3	11	110,420	18.3
Western Highlands	1	14	336,178	6.2
West New Britain	1	10	130,170	14.8
Total	26	285		

7 FINANCE

7.1 Revenue¹⁴

Aggregate figures were not available for Papua New Guinea. The figures below summarise the budget in Lae City. The total revenue in 2003 was K7,682,890 (US\$2.2m) of which K7,000,590 or 91% was raised locally. The local revenue sources accounted for the total as follows:

1. Taxes	48%
2. Fees and charges	23%
3. Rates	17%
4. Other	12%

Local government may levy:¹⁵

- Community services taxes, fees and charges
- Public entertainment taxes
- General trading licence fees
- Domestic animal licence fees
- Corporation and personal head tax
- Others charges that are available to it.

The ministry supervises locally raised taxes through budget approval and reporting.

7.2 Revenue-sharing

Revenue-sharing is in accordance with the Organic Law on Provincial Governments and Local-Level Governments. The grants made to local government include:¹⁶

- Administration grant (unconditional)
- Staffing grants
- Development grants
- Town and urban services grants.

Local salaries are paid by central government. In the case of Lae City Council, the breakdown of transfer payments, as a percentage of total revenue, was:

• Central government transfer for salaries and wages	0.5%
• Provincial grants	8.3%

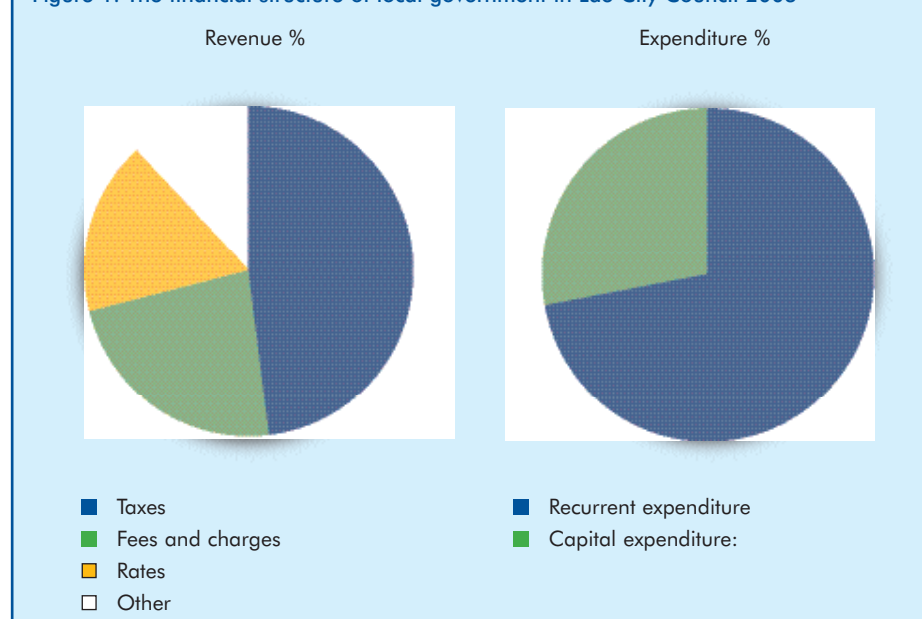
7.3 Expenditure

Aggregate figures were not available. The figures below are from Lae City Council's 2003 budget and provide an indication of urban councils' expenditure. The total budgeted expenditure was K7,682,890 (US\$2.2m).

1. Recurrent expenditure	72%
2. Capital expenditure	28%

Local authorities are not permitted to set deficit budgets.

Figure 1. The financial structure of local government in Lae City Council 2003



8 ORGANISATIONS OF LOCAL GOVERNMENT

Membership of the Papua New Guinea Urban Local-Level Government Association (PNGULLGA) is mandatory as specified in the constitution and is recognised by law. The PNGULLGA aims to encourage and protect effective and efficient democratic local government in the urban areas. The association is funded by membership contributions and a national government support grant. There is no association for rural LLGs. PNGULLGA is affiliated to CLGF and other international bodies.

9 INTERGOVERNMENTAL RELATIONS

The association works in partnership with central government and its agencies. The Ministry of Inter-government Relations has specific responsibility for the promotion of intergovernmental relations but other ministries and departments have similar roles.

The Organic Law on Provincial Governments and Local-Level Governments provides for a Provincial and Local-Level Government Mediation and Arbitration Tribunal. This body was created to settle disputes between or amongst the three different spheres of government.¹⁷

10 E-GOVERNMENT

The national government has a basic website promoting Papua New Guinea and providing contact details for senior government officials and ministers. The Department for Provincial and Local-Level Government Affairs has its own website with downloadable versions of major legislation. It also is developing a database of profiles of individual authorities.

In 2005 170,000 people were internet users, this represents 3% of the population of Papua New Guinea.

11 ENVISAGED REFORMS

Future reforms include the reform of the provincial and local government system through legislative, fiscal and administrative changes.

There are plans to replace VAT, which is perceived by some to favour 'the rich, the urban population, formal business enterprises and food imports more so than the poor, the rural population, informal enterprises and local produce',¹⁹ with a goods and service tax (GST) which should be more balanced in its impact. According to Sir Peter Barter, Inter-Government Relations Minister, on 15 July 2003:

'All provinces will receive 60% of total inland goods and services tax (GST) collected in their provinces...' Governors agreed that GST should be distributed according to the following formula:

- Each province shall receive 60% of the inland GST which is collected in the province (based on the estimate in the previous year of what will be collected)
- Out of the 40% share that national government retains, it will top up those provinces which would receive less than they currently do, to ensure that no province is worse off.

The government remains committed to repealing VAT and replacing it with GST. A review of the Organic Law is underway.²⁰

12 MISCELLANEOUS

Traditional leaders play a major role in the local government system in some parts of Papua New Guinea. There are legal provisions for them to become members of LLGs by appointment.

13 SUMMARY

Papua New Guinea is a sparsely populated nation whose people live mainly in rural areas. The representative system in local government combines directly elected members with a minimal number of appointees representing local trade unions, employers and women. The provincial governments are forums in which local and national government elected members come together to coordinate the implementation of policies between the different spheres of government.



References

- 1 CIA World Factbook 2007
- 2 Commonwealth Yearbook 2003, pp.290-1
- 3 Government of PNG, 2007
- 4 US Commercial Service,
www.usatrade.gov/Website/CCG.nsf/CCGurl/CCG-PAPUA_NEW_GUINEA1998-CH-III-005CB75C
- 5 'Handbook on Rules and Responsibilities of Government under the Reforms', p.17
- 6 Ibid.
- 7 www.dplga.gov.pg/llgs.html
- 8 www.niugini.com/pngonline
- 9 www.niugini.com/pngonline, derived from the 1990 Census, except Bougainville which is based on 1980 Census
- 10 Local-Level Governments Administration Act, Section 25, www.dplga.gov.pg
- 11 Local-Level Governments Administration Act, Sections 25-28, www.dplga.gov.pg
- 12 Ibid., Section 34
- 13 'Handbook on Rules and Responsibilities of Government under the Reforms', p.16, op.cit.
- 14 The currency in Papua New Guinea is the Kina (K). Kina 3.5029 = US\$1, 30 June 2003, FT Guide to World Currencies
- 15 Organic Law on Provincial Governments and Local-Level Governments, www.dplga.gov.pg, Section 87(1)
- 16 Ibid., Sections 91-95
- 17 Organic Law on Provincial Governments and Local-Level Governments, www.dplga.gov.pg
- 18 CIA World Factbook 2007
- 19 Dr Agogo Mawuli, Margaret Vatnabar and Ojis Sanida, October 2003: 'Papua New Guinea Must Learn Basic Financial Management'. Pacific Islands Development Program/East West Center, www.pidp.eastwestcenter.org/pireport/2003/October/10-02-ana.htm
- 20 Papua New Guinea Post-Courier Online, 16 July 2003, www.postcourier.com.pg.

Service	Delivering authority			Remarks
	Central	Provinces	Local government	
GENERAL ADMINISTRATION				
Police	●			Most services are provided by the national government with support given by both provincial and local government as indicated (unitary system of government)
Fire protection	●			
Civil protection	●			
Criminal justice	●			
Civil justice	●			
Civil status register	●			
Statistical office	●			
Electoral register	●			
EDUCATION				
Pre-school	●	●		As above
Primary	●	●		
Secondary	●			
Vocational and technical	●			
Higher education	●			
Adult education	●			
Other	●			
SOCIAL WELFARE				
Kindergarten and nursery	●			As above
Family welfare services	●			
Welfare homes	●			
Social security	●			
PUBLIC HEALTH				
Primary care	●			As above
Hospitals	●			
Health protection	●			
HOUSING AND TOWN PLANNING				
Housing	●			As above
Town planning	●			
Regional planning	●			
TRANSPORT				
Roads	●	●	●	As above
Transport	●			
Urban roads	●		●	
Urban rail	Nil			
Ports	●			
Airports	●			
ENVIRONMENT AND PUBLIC SANITATION				
Water and sanitation	●		●	As above
Refuse collection and disposal			●	
Cemeteries and crematoria			●	
Slaughterhouses	●		●	
Environmental protection	●		●	
Consumer protection	●		●	
CULTURE, LEISURE AND SPORTS				
Theatre and concerts	●	●	●	As above
Museums and libraries	●	●	●	
Parks and open spaces	●		●	
Sports and leisure	●	●	●	
Other cultural facilities	●	●	●	
UTILITIES				
Gas services				As above
District heating				
Water supply	●		●	
Electricity	●			
ECONOMIC				
Agriculture, forests and fisheries	●			As above
Economic promotion	●			
Trade and industry	●			
Tourism	●			
Other economic services	●	●	●	