

# Papua New Guinea

## Self-Rule

### *Institutional Depth and Policy Scope*

Papua New Guinea (PNG), officially the Independent State of Papua New Guinea, is an island country in the South Pacific with an estimated population of approximately 6.6 million (CIA World Factbook) and an area of 464,840 sq km. Until 2012 PNG was divided into 18 provinces, the Autonomous Region of Bougainville, and the National Capital District. In 2012 the number of provinces increased to 20. Each of the provinces are divided into one or more districts, which are further divided into one or more Local Level Government areas (LLGs), of which there are a total of 325. Below the LLGs are cities and towns. While the National Capital District falls within the Central Province, it is administratively separate from the province and held the same authorities and structures as provinces prior to 2005. Due to the RAI population criterion, we code the provinces, Bougainville, and the National Capital District.

Prior to 1920, the area that is now PNG was governed partly by Germany and partly by Great Britain. From 1920 to 1975 PNG was governed as an external territory of Australia. In September of 1975 PNG became an independent country. The constitution enacted in 1975 is the only constitution that has governed the country. From 1975 to 1998 PNG intermittently faced an armed secessionist insurgency in Bougainville. Despite a 1998 ceasefire agreement, PNG continues to face non-violent opposition from the people of Bougainville and repeated calls for Bougainvillean independence.

The 1975 Constitution and subsequent amendments outline the institutional framework and authority of the provinces and Bougainville region. Each province was governed by a directly elected unicameral legislature with a separately elected executive, known as a premier, from 1977 through 1994 (C1975, Art. 187C). While the central government lacked an official veto over provincial decisions, the central state does have the authority to suspend a province's government and implement direct rule over a province.<sup>1</sup> This ability has been used by the central government to remove political competition and to enforce control over provincial veto (May 2003). In 1995 the Organic Law on Provincial and Local-Level Government took effect, which removed the directly elected provincial legislatures and replaced them with new legislatures consisting of the national level legislators, indirectly elected members (selected by the LLG councils within a province), and up to eight members appointed by the central government (Provincial and Local-Level Government, Sect. 10). The proportion of members of these local legislatures whose selection originates in the province, through direct or indirect elections, surpasses the maximum number of those members that can be appointed. The premiers were replaced by governors, who were the provinces' designated members of the national Parliament. From 1977 through 2010 provinces were granted authority over local education and economic development, particularly as it concerns the promotion of local businesses (Organic Law of Provincial Government, 1977).

From 1975 through 1976 the provinces score 0 on Institutional Depth due to no provincial government existing prior to the implementation of provincial government in 1977.

---

<sup>1</sup> Here, Article 187E is unusually detailed in describing the process of national preemption, which is indicative of a clear path to its usage.

From 1977 through 2018 provinces score 2 on Institutional Depth due to the authority of the central government to suspend the provincial government as a response to policies passed by the provinces. From 1975 through 1976 the provinces score 0 on Policy Scope, and from 1977 through 2018 provinces score 2 on Policy Scope due to their authority over education and economic policy.

After 2005 the North Solomon Province became the Autonomous Region of Bougainville. Bougainville is governed by the Bougainville House of Representatives and the Bougainville Executive Council, headed by a President. The central government's authority to suspend provincial government does not apply to the government of Bougainville. Additionally, the Autonomous Bougainville Government was given the authority to draft a separate Bougainville constitution, which granted Bougainville the authority to dictate their own institutional set up and local government (C1975A, Art. 282). In fact, the Bougainville constitution overrides the national constitution with regards to policy application in Bougainville (C1975A, Art. 286). Bougainville is granted authority over economic policy (including manufacturing, trade, commerce, industry labor and employment), cultural-educational policy and welfare policy (C1975A, Art. 290). Further, Bougainville has authority over creating, recruiting, training, defining the role of the local police, and directing when police force can be used (C1975A, Art. 313-315).

From 2005 through 2018 Bougainville scores 3 on Institutional Depth due to the central government having no veto authority over local administration. Bougainville scores 3 on Policy Scope from 2005 through 2018 due to their authority over economic, cultural-education, welfare, government structure, and police.

The Capital District's framework and authority comes from the National Capital District Commission Act of 1990. The 1975 Constitution ordered the creation of the National Capital District and government but did not specify the time frame in which this was to occur (1975C, Art. 4). In 1982 the government of PNG established the National Capital District Interim Commission through the National Capital District Government Act, which created a system of government and outlined the authority of the Capital District. This culminated in the 1990 National Capital District Commission Act. This act established the National District Commission as the executive of the Capital. This Commission is headed by a Governor, a position automatically granted to the Member of Parliament for the District (NCDC Act 1990). Similarly to the provinces, the central government maintains the ability to suspend the Capital District government for violations of national law and policy. The 1990 National Capital Act granted the Capital District government authority over community welfare services, education, and health policy (NCDC Act 1990, Sec. 37). From 1990 through 2018 the Capital District scores 2 in Institutional Depth due to the ability of the central government to suspend the government of the Capital District for policies. The Capital District scores 2 in Policy scope due to their authority over local welfare and education policy for 1990 through 2018.

### ***Fiscal Autonomy***

The 1975 Constitution grants the provinces authority to “impose, collect, and distribute” sales and service taxes (C1975, Art. 187C), but there is little evidence to suggest that this authority reaches to the base as well as setting the rate of sales (and services) taxes. We code this

distinction from 1977, when provincial governments come into existence with the Organic Law of Provincial Government. From 1975 to 1976 the provinces score 0 on Fiscal Autonomy before provincial level authority existed. From 1977 through 2017 provinces score 1 on Fiscal Autonomy due the ability to set the rate of sales and service taxes.

Beginning in 2005, Bougainville has the authority to change the tax rates of corporate income tax as well as property taxes (C1975A, Art. 325). Bougainville scores 3 on Fiscal Autonomy from 2005 through 2018 due to their ability to set the rate of corporate tax.

The 2001 National Capital District Commission Act granted the Capital the authority to set the rate of taxes for sales, services, entertainment, trading, liquor, gambling, and land (NCDC Act 2001, Sect. 42). Beginning in 1990 the NCD scores 3 due to the ability to set the rate of general sales tax in the capital.

### ***Borrowing Autonomy***

While the provinces and Capital have no legally defined ability to borrow, Bougainville does beginning in 2005 (C1975A, Art. 328). However, while Bougainville is not limited on what it may finance with borrowing, it must first consult the central government before incurring debt. The provinces and Capital are scored 0 in Borrowing Autonomy for all years. Bougainville scores 1 on Borrowing Autonomy from 2005 through 2018 due to their ability to borrow following consultation with the central government.

## ***Representation***

From 1975 through 1976 the provinces had no regional assembly or executive. Between 1977 and 1995 the provinces each had a directly elected provincial legislature and directly elected premier (1975C, Art. 187). After 1995 the provincial legislatures consisted of the national legislature representatives, indirectly elected members representing the LLG Councils, and up to eight appointed members selected by the national government. From 1975 through 1976 the provinces score 0 on both Assembly and Executive and from 1977 through 1994 they score 2 on Assembly and 2 on Executive. Beginning in 1995 the provinces score 1 on Assembly, due to a majority of their legislative branch being elected through indirect elections, and 2 on Executive due to the direct election of the provincial level Member of Parliament, who is also the governor of the province.

Beginning with the formation of the Bougainville Autonomous Government in 2005 Bougainville is governed by a directly elected assembly, the House of Representatives, and a directly executive branch headed by the President of Bougainville. Due to this, from 2005 through 2018 Bougainville scores 2 on Assembly and Executive.

From 1990 onward, the National Capital District government consists of the National Capital District Commission, a directly elected assembly, and a Governor, who is also the National Capital District elected Member of Parliament. Due to this the National Capital District scores 2 on Assembly and 2 on Executive.

## **Shared Rule**

### ***Law Making***

The parliament is unicameral and it consists of two types of representatives. The large majority of representatives are directly elected in single-member districts; since 2007, a single transferable vote system is used. The smaller group consists of provincial representatives. Each province, Bougainville, and the National Capital District elect one person to represent the region. These 21 members account for fewer than twenty percent of the 109 members of the national unicameral legislature.

Bougainville is consulted on national legislation affecting the region, and the government of Bougainville has veto power over national legislation affecting the region (C1975A, Art. 286).

The provinces, Bougainville, and the National Capital District all score 0 on Multilateral Law Making throughout the period. Bougainville scores 1 in Bilateral Law Making from 2005 through 2018 due to the local government's ability to override national policies affecting Bougainville (L5, L6).

### ***Executive Control***

No known routine consultation exists between the provinces, Bougainville, or the National Capital District and the central government. Due to the lack of routine consultative meetings between the central and regional governments the provinces, Bougainville, and the National

Capital District all score 0 on Bilateral and Multilateral Executive Control throughout the period.

### ***Fiscal Control***

The central government has never been required to consult with subnational governments concerning the distribution of national tax revenues. All national tax policy is under the authority of the central government. Due to this the provinces and the National Capital District score 0 on Bilateral and Multilateral Executive Control throughout the period.

The Bougainville government shares with the national government rights to revenues generated from the region, and decisions regarding the method of sharing are subject to provisions in the Organic Law and Bougainville Constitution (C1975A, Art. 325). This constitutes a regional government veto regarding regional tax revenue distribution, so Bougainville scores 2 on bilateral fiscal control from 2005 through 2018.

### ***Borrowing Control***

The central government has never been required to consult with subnational governments concerning national borrowing. All national borrowing policy is under the authority of the central government. Due to this the provinces, Bougainville, and the National Capital District all score 0 on Bilateral and Multilateral Executive Control throughout the period.

While the Bougainville government retains the capacity to borrow from international and domestic sources (C1975A, Art. 328), there are no routine meetings to establish any



constraints on their ability to do so. Therefore, even though they possess shared authority in this area, they score 0 on Bilateral and Multilateral Borrowing Control.

### ***Constitutional Reform***

The 1975 Constitution outlines that amendments to the constitution must originate in the national legislature and passage can only occur through a 2/3 majority of the vote (C1975 Art. 17). Due to having no ability to postpone or veto constitutional amendments the provinces, Bougainville, and the National Capital District score 0 on Multilateral Constitutional Reform throughout the period.

Bougainville has, however, full authority over changes to its own constitutional status, which is enshrined in the national constitution. The amended 1975 Constitution includes a provision by which the government of Bougainville can veto any national constitutional change that affects Bougainville (C1975A, Arts. 287, 345). Changes to the Organic Law on issues related to Bougainville require a majority in the Bougainville Legislature prior to a national legislative vote can be officially conducted (C1975A, Art. 345, Sec. 3-5). Due to Bougainville's ability to veto constitutional change that affects Bougainville, it scores 4 on Bilateral Constitutional Reform from 2005 through 2018.

@version, November 2020 – author: Sarah Shair-Rosenfield

## **References**

### ***Primary sources***

Government of PNG. 1975. Constitution.

Government of PNG. 1977. Organic Law of Provincial Government

Government of PNG. 1990. National Capital District Commission Act

Government of PNG. 1995. Organic Law on Provincial and Local-Level Government

Government of PNG. 2001. Amended Constitution

### ***Secondary sources***

May, Ron. 2003. Disorder Democracy: Political Turbulence and Institutional Reform in Papua New Guinea. Australian National University School of Asian and Pacific Studies Discussion Paper.

**Self-rule in Papua New Guinea**

			Institutional depth	Policy scope	Fiscal autonomy	Borrowing autonomy	Representation		Self-rule
							Assembly	Executive	
Provinces	I	1975-1976	0	0	0	0	0	0	0
	I	1977-1994	2	2	1	0	2	2	9
	I	1995-2018	2	2	1	0	1	2	8
Bougainville	I	2005-2018	3	3	4	1	2	2	15
National Capital District	II	1990-2018	2	2	4	0	2	2	12

