

# Political Governance and Service Delivery in Western Highlands Province, Papua New Guinea



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WHP has everything that we need: fertile soils, optimal climate, food crops of all kinds, and much more. And the people of the province are exceptionally strong, smart and productive. But pride, prejudice, jealousy, conflict and violence can and do stem the tide of progress. And the lack of indigenous knowledge on healthy living is killing many of the province's elite (Pastor Max Martin, Christian Leaders Training College, Banz).<sup>1</sup>

## Introduction

Western Highlands is one of several Papua New Guinean provinces caught in the suffocating grip of poor governance. It has a woeful record of administrative ineptitude, dreadful financial management and political interference with public service functions. These are deeply entrenched problems that have been allowed to grow over time and are not restricted to a particular administration or government.

On a positive note, the last Western Highlands Provincial Government (WHPG), from 2007 to 2012, did make some progress in the areas of asset management, planning and political governance, infrastructure maintenance, and interagency linkage. Expenditure on Medium Term Development Strategy (MTDS) areas improved slightly, with sufficient funding provided to some core sectors, although administrative costs remain excessively high, despite low fiscal capacity.

Under prime ministers Sir Michael Somare (2007–2011) and Peter O'Neill (2011–present), 36 million kina (K) has gone to each district via the District Services Improvement Program (DSIP), but there is very little to show for it in terms of physical outcomes (number of classrooms, aid posts and rehabilitated roads). Much of the physical infrastructure of the province has been

allowed to deteriorate over the years. Politicians and bureaucrats need to understand that government is there to serve the people, that regular maintenance costs far less than rehabilitation, that without basic infrastructure crops cannot be brought to markets, and services cannot be delivered.

This paper, first drafted in 2011,<sup>2</sup> is based on firsthand observations in Western Highlands Province (WHP) over the past decade and a half, covering the administrations of three governors (Father Robert Lak 1997–2002, Paias Wingti 2002–07 and 2012–present, and Tom Olga 2007–12).<sup>3</sup> It uses insights gained while working for Governor Olga, and with the help of provincial officials. It outlines the common problems that hinder progress in WHP, describes some of the steps taken by the Olga government to rectify these problems, and explains why some factors will continue to stand in the way of development goals.

## Background on Western Highlands Province

The strength of WHP lies in the land, its people, and various heritage properties (natural and cultural). The first two assets have been partly developed, while use of the third remains embryonic.

- WHP has approximately 1,100 square kilometres of very high potential land, which is the largest area in any province in the country (Hanson et al. 2001:127). The volcanic soils of the Wahgi, Nebilyer, Baiyer and Jimi valleys are ideal for the cultivation of various crops. Around 50 per cent of the land in the province is currently under agricultural use. The province grows over 40 per cent of the country's Arabica coffee and all of its tea for export, as well as an impressive range of fresh food for the domestic market. Approximately one-third of WHP coffee and 90 per cent of



the province's tea crop comes from the Jiwaka (Jimi, Wahgi and Kambia) area, which broke away from WHP to form a separate province in June 2012. The economic implications of the creation of Jiwaka Province are explored later in this paper (see section on Economy).

- WHP is the home of the stereotypical rugged capitalist-type big-man, whose relentless pursuit of wealth is well known, and whose status depends on outshining rivals in competitive bouts of gift exchanges (Ketan 2004). Generations of Western Highlanders have been industrious, goal-oriented and thrifty. The people of the province dominate a number of key industries in Papua New Guinea (PNG), including transport (trucking, vehicle hire, taxis and buses), real estate and agriculture. Western Highlanders own and operate some of the country's leading law and accounting firms. In terms of human capital export, the province has produced some outstanding academics, administrators, multimillionaire businessmen, sportsmen, and professionals in nearly all fields. Hopefully, socio-economic conditions in the province will attract some of the brightest sons and daughters of the province to return home to work there.
- In Kuk World Heritage Site and Baiyer River Birds Sanctuary the province has two genuine heritage properties of international significance, which can attract tourists and researchers from all over the world, but the province has yet to develop and market these assets. The Kuk archaeological site has evidence of early agriculture, dating back 9,000 years, which makes New Guinea highlanders among the world's earliest gardeners (Ketan and Olga 2008). It is PNG's only World Heritage-listed property. The WHPG has plans to develop the site, and has made small allocations towards preparatory work, but the national government has not been particularly enthusiastic in developing the property. The Baiyer River Birds Sanctuary has fallen into disrepair and now needs government funding to revive it. Some of the country's rarest and most dramatic bird of

paradise species and mammals used to live on display in this sanctuary.

Major impediments to development goals include the rugged terrain, and governance issues such as low fiscal capacity, excessive administrative spending, administrative ineptitude, politicisation of the bureaucracy, financial and asset mismanagement, poor infrastructure, and the uneven delivery of services.

- The mountains of the Sepik–Wahgi divide restrain development of the Jimi Valley in the north, while to the south the Kubor Range forms a rugged barrier to development of the Kambia region. Other inaccessible areas include the Lumusa, Ruti and Kaugel valleys. Many communities in the Jimi and Baiyer valleys are accessible only by light aircraft. The Hagen–Madang Highway, currently under construction, will run through both valleys, thereby linking many isolated communities to markets and services.
- The National Economic and Fiscal Commission (NEFC) has estimated that WHP has a fiscal capacity of 68 per cent, which means that the province has only 68 toea for every kina that it needs to provide services (NEFC 2010:19). The NEFC review of all expenditure in 2005 indicated that WHP had spent too much money on administration and too little on core MTDS areas of health, education, infrastructure maintenance, agriculture and village courts (NEFC 2007:25). A later NEFC report, however, indicates that WHP has made remarkable improvements by spending more on core MTDS areas of health, education, agriculture, and law and justice (NEFC 2010). Much of the spending, however, occurs in the final quarter, usually around November, when government operations are about to shut down for Christmas. This is a time when public funds often get misappropriated throughout PNG.
- The provincial bureaucracy lacks administrative capacity for planning and policy implementation, and is incapable of delivering services evenly across the province. Public servants generally do not

show commitment in their work, and there are no real incentives to get them working on a regular basis. Politicisation of the bureaucracy, through political appointments and constant interference in administrative matters by politicians, has resulted in mediocre performance and diminished returns.

- As a result of poor asset management, executive vehicles worth thousands of kina have been written off. A former provincial administrator bought a brand new Toyota VX 4WD worth over K100,000 from the provincial government for K9,000 while another helped himself to a new Prado 4WD, also at a ridiculously low price. Others, including some members of the Provincial Executive Council, acquired Toyota Land Cruisers. None of these vehicles were recovered.<sup>4</sup>
- Despite having one of the best road networks in the country, transport infrastructure has almost collapsed, owing to lack of regular maintenance. Hanson et al. (2001) concluded that more people in WHP have access to services than elsewhere in the country. This is not entirely true. Only those who live in urban centres and along the Highlands Highway have good access to markets and services, while those in rural areas receive few government services or none at all. The DSIP has made very little impact, thereby raising questions about the value of using parliamentarians as fund managers and service providers.

Crime, conflict and corruption are perennial threats to progress in WHP.

- Many banks, plantations and business houses in the province have been victim to armed robbery. The plantation economy almost collapsed in the 1990s, owing to high costs of security. In March 2004 local criminals shot PNG Airlines pilot, Captain Alan Mourilyan, in Mount Hagen town. A popular lay preacher and businessman, Max Bundrock, cited escalation in crime as a reason for shutting down his towing and repairs business and leaving PNG after more than 40 years in Mount Hagen.

- Many lives have been lost, properties destroyed, and plantations and service facilities shut down as a result of tribal warfare in parts of the province. Several large coffee plantations in the Wahgi Valley (Gumanch, Wahgi Mek Group, Wara Wau, Wurup, Rui and Mamgol), at least two in the Nebilyer Valley (Kaugum and Kilinga) and another two in the Baiyer Valley (Tigi and Kul) were abandoned as a result of gun warfare in the 1990s. The Kudjip Nazarene Hospital shut down for a week in January 2011 following an attack on a nursing sister whose arm was chopped off by an intruder (Gumuno 2011).
- The provincial government lost its headquarters (Kapal Haus) in a fire in 2007. Many people believe that it was the work of arsonists directed by politicians; that the fire was intended to destroy evidence of corruption. Around K3 million in insurance cannot be claimed because of inconclusive reports by police and fire departments.<sup>5</sup>
- The Africanist Christopher Clapham identified two broad categories of corruption: parochial and extractive. He says that parochial corruption is generally small scale, fits into an existing set of values and obligations, and leads to the redistribution and exchange of benefits within a community, rather than siphoning resources from it. Extractive corruption, he says, is often large in scale, rests on the manipulation of state power, and maintains the lifestyle of a privileged class of state employees and their confederates (Clapham 1985:53–54). A junior clerk who receives rewards in cash for facilitating authorised payments (in other words, receiving extra payment for doing his or her job) would be a good example of parochial corruption, while a senior official who receives a large percentage for authorising payment for fraudulent claims involving thousands of kina is an example of extractive corruption. Both forms of corruption exist in WHP, but it is difficult to establish how much money in public funds has been stolen by public office holders and their associates.

Successive governments at both provincial and national levels have not found ways to address these problems, or at least to minimise the consequences. Clearly, the PNG state is struggling to fulfil its constitutional obligation to protect its citizens and their properties from harm and, moreover, is nurturing a political culture of 'politics of the belly' (Bayart 1993; Bayart et al. 1999).

Many of the governance and administrative problems in WHP are associated with the political culture of the province. Widely accepted ideas, values and practices, including strategies employed in political competition, form the political culture under scrutiny here.

- Politicians rely mainly on tribal alliances and personal networks to win elections. Campaign hospitality costs hundreds of thousands of kina. Electoral fraud and violence have been common features of recent elections.
- Development grants, under the DSIP and other government intervention programs, are highly politicised and disbursed along nepotistic patronage criteria.
- Delivery of goods and services is uneven, irregular and inadequate. People in remote parts of the province do not have access to basic services, although the national government has been promising that the DSIP will rectify that problem.

The apparent failure on the part of public office holders to separate private from public interests has contributed to the province's governance and administrative problems.

- Politicians and public servants fail to demonstrate that the government and public service are there to serve the people. They tend to use government resources to promote personal interests, with the aim of staying in power and/or amassing wealth.
- Public office holders regularly ignore the fact that the key to improving the living conditions of people lies in the transparent, accountable and equitable distribution of goods and services.

- The integrity of the political system (how people get into office, how decisions are made, how resources are distributed) depends on the quality of leadership. When leadership becomes corrupted by unrestrained power and excessive wealth, the political system in turn becomes a threat to society.

Governance and service delivery in WHP have been individualised by successive governors, particularly by the forceful styles of Paias Wingti and Tom Olga, which have embraced some sectors of the community while disenfranchising others, aptly captured in the central highlands expression 'those who eat and those who do not' (Lakane and Gibbs 2003).

- Western Highlanders have come to accept that the spoils of office go, first, to the winning candidate and his campaign team, second, to his base vote area and, finally, to peripheral areas. The rationale for this probably lies in a primeval practice among kin-based societies where the successful hunter gets the first bite of the game meat.
- Rewards for the winning team may comprise jobs within the provincial government and its business entities, contracts for construction and maintenance of infrastructure, grants for agricultural and community development projects, and the delivery of services to their communities.
- The losing team watches, barely concealing its resentment, as the victors wallow in gluttony of all sorts. This process of selectively embracing small sectors of the community while disenfranchising the majority has been explored in the context of Engan politics, where not only do supporters of winning candidates gain government jobs, but known supporters of their rivals allegedly lose them (Lakane and Gibbs 2003:103).
- Politics is gender biased in WHP. Very few women have stood in recent parliamentary elections: two in 2002, one in 2007 and none in 2012.

## Melanesian Governance Concepts

The contemporary focus on governance is commonly associated with the World Bank, following its reporting of a crisis of governance in sub-Saharan Africa in 1989, and most Pacific Islanders often make the wrong assumption that it is a foreign concept. A close scrutiny of Pacific decision-making processes, resource management practices and wealth disbursement customs indicate that good governance was an important feature of traditional Pacific societies (see McLeod 2008 for a review of Pacific leadership models). In fact, survival in these islands depended on good governance practices. For food, they took from the forests and the seas only what was required for their sustenance, thereby conserving stocks for future generations. Likewise, for construction material, they took saplings for rafters and softwood for building canoes, while revering giant trees. In political and economic transactions, participation and consensus were important features of decision-making processes, while transparency, accountability and equity were the principles that governed wealth distribution in ceremonial exchanges, food sharing and pig ceremonies (where thousands of pigs were butchered, roasted in earth ovens, and the pork given away to exchange partners and other guests).

In Melanesia, it is the classic PNG highlands big-man model that captures all the important features of good governance. Big-man status was competitively acquired by excelling in ceremonial exchange, maintained by judiciously investing in social relations, and lost by neglecting exchange partners and followers. Note that nowadays parliamentary seats can be won, held, and lost in this way (see below). Here, it is appropriate to demonstrate how effective big-men exhibit elements of good governance in their dealings with fellow clansmen (followers) and people from outside the clan (potential followers).

At the sub-clan level, it is said that only true big-men can demonstrate master craftsmanship in cutting pork for distribution — without counting the number of people — and ensure that everyone receives a fair share. Big-men will not eat until everyone has had a portion of the meat. Women

and children are served first, followed by men, and finally the distributors (a big-man and his assistants). Their own share is usually in the form of bones and pieces of skin and tiny scraps of meat that fall through the ferns and vegetables. Note the contrast between traditional big-men and their modern counterparts (parliamentarians); the latter feed themselves first.

At the clan level, big-men exercise great care in their transactions, because their leadership status demands transparency and accountability. It is instructive to look at how wealth is distributed by big-men. In Hagen society, the number of pigs received in *moka* is publicly declared in formal speeches (*el ik*) and witnessed by hundreds of people. The major recipient will in turn distribute the pigs in a public ceremony staged at the clan ceremonial ground (*moka pena*). His clansmen will know exactly how many pigs he has kept for himself. Whether they will support him in future enterprises depends on his generosity. So big-men tend to exercise considerable foresight, fairness and integrity in their dealings with their followers.

In its 2001 country report on PNG, the United Nations Country Team identified 'transparency, accountability, participation, consensus, equity, efficiency, the rule of law, responsiveness and strategic vision' as principles of good governance (UNCT 2001).

There are many examples from Melanesia and the rest of the South Pacific that demonstrate the application of good governance principles in the conduct of leaders and their people. This proves that good governance existed in this part of the world before the concept was made popular in the 1990s by the global financial and economic institutions (World Bank, International Monetary Fund, World Trade Organization and Asian Development Bank).

In examining political governance and service delivery in PNG provinces, we can use these principles of good governance to determine whether state resources have been used by politicians and public servants to improve the living conditions of all men, women and children across the province or to enrich only a few well-connected individuals.

Similarly, decisions taken by politicians and public servants regarding jobs and contracts can be examined in governance contexts to determine whether such decisions have been made in the broader interest of the public or merely to promote the narrow interests of a few people. Remedial actions taken on the basis of such analyses could prevent people from defrauding the state of millions of kina.

I shall now take a closer look at how WHP is governed by politicians and how resources are administered by public servants.

### Political Structures and Funds

Under the provincial government system from 1978 to 1995, provincial assembly members were directly elected by the voters, ministers were appointed by the premier, and the premier was elected by the provincial assembly from among the elected members (see Axline 1986; Conyers 1976; Standish 1979). The relationship between the national and provincial politicians was characterised by mutual distrust and animosity, whereby the national government regularly suspended provincial governments for mismanagement (see Ghai and Regan 1992; May and Regan 1997). The Wingti government, in particular, had a protracted history of confrontation with the WHPG headed by Premier Philip Kapal and dominated by his National Party (see Burton and Keher 1997; Ketan 2004).

The proclaimed theory behind the 1995 provincial reforms legislated in the Organic Law on Provincial Government and Local-Level Government (OLPGLLG) was that further decentralisation was required. The whole district and provincial structure was to be based on local-level governments (LLGs). Council presidents were members of provincial assemblies until removed by an amendment of the OLPGLLG in 2006, which was only ruled unconstitutional in mid-2010. There are usually three LLGs per district — which is also an Open electorate — and usually about 10–30 councillors who each represent an LLG ward, which is the basic unit of all elections and electoral rolls. Before 1995, there had been one local government council per

district, and mostly they had been progressively starved of resources since decentralisation in 1978. The new LLGs, under revised legislation, had to be built from scratch, both politically and physically, often with offices located in the strongholds of the then sitting members of parliament (MPs), but away from the social, economic and infrastructure nodes of the provinces, and completely detached from the district office. In practice, LLGs have had negligible funding and no dedicated staffing, with any executive tasks undertaken by the district administrator's office.

Councils have some taxing rights but generally no capacity to collect taxes — that ceased around the time of national independence in 1975. They are meant to be funded by the national government, but that does not happen, except for a small grant which barely pays the councillors' monthly meeting allowances, and they have lacked the skills to produce annual budgets. Councils can only thrive when strongly supported by the Open member, who may perceive them as potential rivals. Indeed, in many provinces over the past 15 years, MPs have manipulated the removal of council presidents to obtain someone they could control, both in the provincial assembly and the Joint District Planning and Budget Priorities Committee (JDPBPC). When it was learnt that districts would have K10 million DSIP funds, competition for the May 2008 council elections intensified and — especially in WHP — saw a rise of intimidation and 'gifting', with some violence reported. The 2013 elections for 22 LLGs in the highlands were failed by the Electoral Commissioner on the grounds of widespread fraud and violence.<sup>6</sup> A significant point arising from the 2013 LLG elections is that national ministers and MPs have supported candidates with millions of kina in attempting to build patron–client relations with LLG councillors, and cement their dominance. Despite that surge of interest, the LLGs and ward structures appear to be more significant on paper than they are as effective political forces driving the agendas of governance.

Nonetheless, LLG councillors remain the most accountable and transparent elective office holders in terms of their proximity to the people. It is for this reason that Governor Olga

tried to make them central to his planned Ward Development Program.<sup>7</sup>

The provincial government is headed by an elected governor, who chairs a provincial legislature, which is made up of Open members of the national parliament, presidents of LLGs, and appointed community representatives. The OLPGLLG provides for the elected provincial member to serve as governor and chair the provincial assembly, and for Open MPs to sit in the assembly. Provincial MPs with national roles such as minister, the speaker or opposition leader may not be governors as well, and in such cases an Open MP performs the role — as with Prime Minister Somare in East Sepik Province in the previous government.

Under the OLPGLLG, several core government functions, including extension services of the Department of Agriculture and Livestock, have been transferred to the provinces and districts. But the law does not hold the national government responsible for funding these functions under recurrent expenditure. Provincial governments are required by this law to pass on to districts and wards development grants from the national government, while, at the same time, they need to find ways to provide services at all levels. Most provinces have not received the required funds and so do not pass on the funds needed by lower levels simply because they do not have the money to fund all functions under the law (Whimp 2009).

National politicians and senior bureaucrats in Waigani are aware of the provincial governments' financial predicament, yet they have effectively taken away from provincial governments a big chunk of the development budget and given it to districts, under the DSIP and sectoral grants, all to be allocated by JDPBPCs, which are basically controlled by Open MPs. Between 2007 and 2013 a total of K36 million was allocated to each district via the Open MP, with a further K10 million pledged under the 2014 budget. This is a far cry from the early days when MPs had to make do with varied but often insignificant amounts of money, rising to K500,000 over many years until 2008, when the Somare government introduced the DSIP.

Elsewhere I have recorded the history of what are called 'slush funds' in PNG (Ketan 2007).

Only a few words indicating the chronological changes in appropriations will suffice here. The Electoral Development Fund was established by the Somare government in 1984. Each MP was allocated K10,000 annually to spend at his or her discretion on any development project within his or her electorate. The value of the Electoral Development Fund increased considerably over the years — K100,000 in 1993, K300,000 in 1994, K550,000 in 1996 (Ketan 2007:6–7). Under the Skate government's Rural Action Program, district support grants for the 89 Open MPs were increased to K1.5 million each while provincial support grants for the 20 provincial MPs were maintained at K500,000. The Morauta government reduced district support grants to K500,000 in 2000 under the Rural Improvement Program. The Somare government raised the amount to K10 million in 2008 and K2 million in subsequent years from 2009 to 2011 under the current DSIP.<sup>8</sup> Separate funds are available to districts for education, health, and agriculture, administered by respective departments under sectoral programs.

Only K500,000 per annum in district support grants for each district is guaranteed by the constitution, while the rest of the development grants under the DSIP come under the national government's rural development policy. Like any other government intervention program, the DSIP can be stopped and funding withdrawn at any time, so a new government (or even the current one) may decide to abolish funds such as the DSIP, or modify them and implement them under yet another new name. The Open MPs' discretionary component of the district support grants is only K250,000, while the other half is administered by the JDPBPC. The latter is responsible for identifying, prioritising, selecting and approving projects for funding. These committees are not very effective and are mainly used as a rubber stamp for decisions unilaterally reached by Open MPs. The committees, chaired by the MP, comprise the LLG council presidents and appointees nominated by the Open MP, and their executive officer is the district administrator, who essentially owes his position to the MP. Often they meet outside the district and even outside the province.

Governors have at least K1 million each at their disposal, under both discretionary and non-discretionary components of the provincial support grants, which is much less than the total funds available to Open MPs. This situation has forced many governors to seek funding elsewhere, including contestable funds from the National Planning Department.

The intention of the 1995 organic law was to ensure greater levels of cooperation between politicians at all levels of government; to strengthen links between local, provincial and national governments; and to facilitate the pooling of resources through integrated planning and budgeting to achieve common development goals. But the reformed provincial government system is clearly not working, as politicians compete for

kudos in the disbursement of development grants.

Generally, governors exercise effective power over the appointment of senior public servants, chief executive officers of government entities, the governor's own support staff, and consultants. They have a say in the awarding of contracts for construction and maintenance of infrastructure and for the provision of goods and services. They also have influence over the disbursement of development grants and discretionary funds. By law, all of these decisions are supposed to be taken by appropriate committees (the Provincial Executive Council, Provincial Tenders Board, Provincial Planning and Budget Priorities Committee), but in practice governors can, and do, take decisions unilaterally and have them endorsed by committees at subsequent meetings.

### Box 1: Office of Rural Development

In 2010 the statutory agency responsible for administering the DSIP funds, the Office of Rural Development (ORD), revealed that no MP had received the full amount of DSIP since its establishment in 2008. Most districts do not have the personnel with necessary skills to complete the documentation required for drawing down DSIP funds. The ORD provides K300,000 to each Open MP to facilitate the release of project funds. Rather than hiring consultants to prepare project documentation so that DSIP funds can be released for development activities, most MPs have opted to use the inexpert services of *wantoks*, whose amateurish product is regularly rejected out of hand by technical screening committees. Governors face similar problems attempting to draw down development funds.

Surely someone in the top echelons of government knows that not all funds allocated to the provinces and districts under national budgets will be released in any given year. Most MPs, however, are never told that it would be unthinkable to release all funds at once, simply because there is not enough money to honour all commitments to provinces and districts, and even if there was enough money, the consequences would be disastrous for the small economies. To use a central highlands analogy, the big-man has yet to kill his pig, but he has already pledged the forequarters and hindquarters to four individuals. MPs would do themselves a favour by using this analogy to explain to their constituents that the prime minister has made a pledge (in handing down the budget), but the actual transfers will be made later, subject to ORD financial management guidelines.

Some MPs, as indicated by ORD Director, Paul Saii, have circumvented DSIP guidelines by going directly to the Finance Department to pick up their cheques without proper clearance from ORD. In accordance with ORD guidelines, cheques for subsequent years should only be released to MPs (or can now be transferred directly to district treasuries) upon certification of completed projects and financial reports. The certificates of acquittal are then transferred to both the Ombudsman Commission for clearance under the Leadership Code and also to the Finance Department (as required under the Financial Management Act). In the past, prime ministers Somare and O'Neill have on occasion waived acquittal requirements for MPs who had failed to acquit previous funds.



## Olga Administration

At the time of drafting this paper, the provincial government was headed by Governor Tom Olga, a former student activist who was expelled from the University of Papua New Guinea for leading the 2001 students strike over the Morauta government's privatisation policy.<sup>9</sup> In 2007 the relatively unknown Olga caused a major surprise in PNG politics by unseating a former prime minister and governor, Paias Wingti, reputedly one of the wealthiest men in the South Pacific. Wingti challenged the election results in the Court of Disputed Returns, but Olga emerged victorious. A protracted court battle saw him temporarily ousted as MP by the national court — although retaining his governorship through a technicality — and finally he was reinstated by the Supreme Court after two recounts.

In the 2007 election the Wingti team comprised wealthy businessmen, coffee growers and traditional big-men with oratorical skills. This is the political establishment, the aristocracy of WHP politics, which presides over the 'political kingdom' (Ottaway 1995). The organisation was built over many years by mixing politics with business. It has a strong following in Hagen Central, with pockets of support from other districts. Even members of Tom Olga's own Nengka tribe are members of Wingti's team.

By contrast, Olga's campaign team was made up of young orators with neither money nor professional background. Political life was not easy for the young governor. Considered by the establishment as an outsider, from what Hagen Central people call 'the back pages' of the province, Olga had his work cut out for him. He knew that he could not count on the sincerity of Hagen Central leaders, so he sought the assistance of genuine professionals from the peripheral areas of the province. The core of his support base is made up of young untainted leaders from all corners of the province.

Despite their contrasting support bases, Olga and Wingti share some common characteristics. Both men left the University of Papua New Guinea before completing their studies, had no money of

their own before entering politics, and probably owe almost everything they have to political office. Both have forceful personalities, regularly dominate meetings, and tend to make decisions without much consultation. Both are charismatic leaders, can captivate audiences with public oratory (aimed mainly at people's emotions rather than their intellect), and are capable of marshalling resources by using persuasive skills.

While the rivalry between Olga and Wingti is real, and at times almost erupted into violent armed conflict, not many on either side are aware that Tom Olga is considered by his confidantes as Paias Wingti's son. Olga admires Wingti and wants to emulate the remarkable achievements of his mentor.<sup>10</sup>

In any case, Governor Olga argued that there is no opposition in WHP. Indeed, he ignored political party affiliations when allocating provincial government roles to national MPs. In his first provincial executive council (2007–2009), Hon Benjamin Mul (MP for North Wahgi) and Hon Puri Ruing (MP for Dei) held portfolios (committee chairs) in the provincial government, while sitting in the Opposition front benches at the national level, by virtue of their membership of Mekere Morauta's PNG Party — the successor to Wingti's People's Democratic Movement.<sup>11</sup>

Governor Olga and Sani Rambai (then MP for Mul-Baiyer) are members of Sir Michael Somare's National Alliance Party. Although Olga contested the elections as an independent candidate, he immediately followed his Nengka tribesmen to the National Alliance camp in Kokopo, partly because Rambai and his wife paid for some of his election expenses, but also because Olga could not see himself working with Morauta, whose government policies he had vehemently opposed during the 2001 University of Papua New Guinea student unrest.

As in other provinces, the WHP political structures can create divisions among MPs. Olga maintained warm relations with all Open MPs, except probably one who tried, and failed, to wrestle the governorship from him during his court battle with Wingti. But the governor was not successful in maintaining cohesion within the group of MPs

from the province. Perhaps naively, he thought at the inception of his tenure that he could convince his parliamentary colleagues to form a united front, with a view to extracting resources from the national government. Open MPs consider themselves as fund managers and service providers, rather than legislators, and their tenure depends on how well or how poorly they perform in these areas. They totally dominate the JDPBPCs, which they chair, control the DSIP funds as if they own them, and ignore the ORD financial guidelines.

Despite these divisions, Governor Olga did have potent symbols of nationalism in the province's best known cultural and natural heritage properties — the Kuk early agricultural site and the Baiyer River Birds Sanctuary — that he could use as a rallying point for provincial and national unity. These are the kind of large-scale enterprises that can influence people to rise above parochialism. The late governor Father Robert Lak recognised the significance of these assets and he and his provincial administrator, Dr Thomas Webster, worked hard to help develop and promote these properties nationally and internationally. In 1999, Lak led a team of 42 LLG councillors to Port Moresby where they met with officials to discuss ways to promote the Kuk and the Baiyer heritage properties. The councillors also met with the MPs from WHP at the national parliament. Lak's government played a significant part in getting Kuk included on the World Heritage List. His government paid for the writing and publication of a national heritage management book (Ketan and Muke 2001) and also contributed funds towards the preparation of the nomination document for Kuk.

The momentum, however, died with Father Lak's defeat by Paias Wingti in 2002. Thereafter the Wingti government, while focused on rehabilitating the coffee industry, showed little interest in heritage matters. The Olga government showed some interest in developing heritage properties, but failed to gain support from Open MPs. A demonstration of national leadership in championing such projects of international significance could win the respect of even the most ardent political rivals. But no governor seems to have had the foresight to back these projects wholeheartedly.

To be fair to Governor Olga, his government had identified the development of heritage properties, together with the upgrading of Kagamuga airport and the reconstruction of the provincial headquarters building, as priority 'impact' projects. Even though some funds had been allocated towards the development of these projects, the lack of tangible evidence concerned Olga supporters.

Governor Olga was led to believe that his funding problems would be alleviated as a direct result of intervention from Prime Minister Somare, who announced at Mount Hagen on 18 October 2010, when launching the Mount Hagen City Redevelopment Plan, that the Olga government would receive K125 million in Public Investment Program funds.<sup>12</sup> That amount was a small portion of what Olga had requested for impact projects through his integrated provincial development plan. Somare had been exceptionally receptive to Governor Olga not only because both men belonged to the National Alliance Party, but because Sir Michael feared Paias Wingti more than any other political opponent. Somare still remembers the times when Wingti outmanoeuvred him, first in 1985 by ousting him in a parliamentary vote of no confidence, and second, after the 1987 election, by coming from behind to beat him in forming the government when Somare's team appeared to have had the required numbers. Thus national and personal affairs can profoundly influence provincial matters.

### Provincial Administration

In 2012 the province had not had a substantively appointed provincial administrator for over 12 years. Since the mid-term departure of Dr Thomas Webster in 2000, Michael Wandil served as acting provincial administrator for eight years under three different governors: Lak (two years), Wingti (five years) and Olga (one year). Olga replaced Wandil with Malcolm Culligan in 2009. Culligan served as acting provincial administrator for nearly four years (2009–12). There seems to be no plan for a more permanent (substantive) appointment. Politicians clearly feel more comfortable with acting administrators than

with permanent ones because it gives them more control over public servants. That happens at the top of national government departments as well. Paias Wingti deliberately kept Wandil on an acting basis for a full five-year term. Tom Olga made no serious attempt to rectify that situation.

Acting appointees are susceptible to manipulation when faced with an uncertain future. Administrators, hoping to work their way into securing their positions, often start well, giving good advice and implementing government policies, but they soon get disillusioned when they realise that governors have no intention of making substantive appointments. Almost inevitably, their performance level drops. Under such circumstances, it would be fair to conclude that administrators who have yet to secure their positions rarely perform their duties with a high degree of competence, often fail to inspire compliance and commitment from their subordinates, and may even actively work against governors. All public servants in WHP are on acting positions. They have been serving in that capacity for nine years. This has resulted in low morale and poor work performance.

The provincial bureaucracy has not performed its statutory functions. It is deficient in crucial areas of corporate governance:

**Management** — In 2010 the Office of the Provincial Administrator lost control over planning, budgeting, disbursement of development grants and internal revenue, and the management of impact projects. These functions were performed by the Office of the Governor, via consultants and casual staff. Communication between the two offices has often broken down, with the governor blaming the administrator for failing to implement his policies, and the administrator complaining about political interference in administrative matters. The relationship between public servants and casual staff from the governor's office was characterised by mutual distrust and antagonism.

**Planning** — Each sector or division is capable of coming up with plans, but the difficulty is integrating these to form a cohesive whole, then linking them to the various national development

plans. The province has always had a competent planning unit but in recent years the head of the unit turned to private business after being underutilised for many years. His energies, however, were rejuvenated after he was promoted to deputy administrator and became actively involved in drafting the provincial integrated development plan 2011–2015. Implementation of the plan is the key. This is where the administration has failed numerous times in the past.

**Budget control** — It is worrying to note that spending in WHP on 'unspecified arrears' increased over the three years 2007–2009. The NEFC has expressed concern that 'some provinces [like WHP] are allocating and spending money under generic budget descriptions such as arrears, aged [sic] creditors, debt servicing, contingencies, multipurpose, etc', which conceals the purpose of the expenditure (NEFC 2010:101). WHP ran up a big debt over those three years as political supporters celebrated their electoral victory and public servants served themselves while Governor Olga was engaged in the court battles with Paias Wingti. By 2010 the domestic debt had been reduced to K1 million. Genuine service providers have still not been paid for vehicle hire, hotels and other services, while huge sums of money have been spent on administration and consultancy services (including K6 million on the Mount Hagen City Redevelopment Plan).

**Service delivery** — The Office of the Provincial Administrator is ultimately responsible for ensuring that services are delivered equitably across all districts. It has failed to perform this most crucial function over the years.

The WHP bureaucracy lacks cohesion, generally operates in a disjointed manner, and is incapable of delivering services evenly across the province. Public service and financial management regulations are not strictly enforced. Absenteeism is high, productivity is low, interagency links are poor, the standard of planning is deplorable, and the level of service delivery is disgraceful (Ketan and Olga 2008:41).

Clearly, there is a need for a major restructuring of the bureaucracy. Such an exercise should

be aimed at addressing the apparent lack of intellectual depth in the province. The problem can be resolved in the short term through hiring skilled technocrats and innovative thinkers on short-term contracts, acquiring the services of technical people from donor agencies, and in the long term through the recruitment and training of bright young university graduates through a graduate cadet scheme. The short-term technocrats and foreign aid development experts could work in partnership with the cadet officers in mentor–protégé relations. This would help create the core of the next generation of senior public servants who would be dedicated, skilled and untainted by corruption.

### Education Services

WHP does exceptionally well in the area of education. For several years, WHP maintained its second-place position to the National Capital District in Year 12 intake at universities. In 2011, WHP had more Year 12 students admitted to universities than any other province in PNG. WHP has many important educational institutions, including 15 high schools, 7 vocational schools and 3 colleges (teachers, nursing and agriculture), as well as an international high school and a university centre. In addition, there are 15 Christian theological and leadership training colleges, which attract students from different parts of the country. Despite considerable progress made in the area of education, the WHPG continues to give education low priority in budget allocations. NEFC reports suggest that WHP needs to spend more money on education (see discussion below on Recurrent Expenditure in Core MTDS Areas).

### Health Services

The province has a referral hospital in Mount Hagen, as well as three Christian mission–run hospitals in the districts (including the popular Kudjip Nazarene Hospital near Minj, which is now in Jiwaka Province). These hospitals conduct health extension services, often combining immunisation clinics with other health programs to maximise use of limited resources. Primary health care is provided in the districts at health centres, while first aid treatment is given at aid

posts. WHP has 55 active health centres (and one closed): 38 operated by Christian missions and 18 by the provincial government. The provincial government also manages 109 aid posts (16 of which are currently closed). The aid posts, however, are poorly resourced, and many more would have been shut down had it not been for the ingenuity of aid post orderlies who keep things running by purchasing the bulk of their medical supplies from the private sector (probably from government stores at hospitals) and then charge their patients a small fee for their services. The delivery of health services in WHP is inadequate, with only modest improvement in health indicators. NEFC reports indicate that the WHPG does not spend enough money on health (see discussion below on Recurrent Expenditure in Core MTDS Areas).

### Economy

The economy of the province is predominantly based on agriculture: coffee production for the export market and cultivation of food crops in small gardens for the local market. The Wahgi Valley is the major agricultural region of the province. A number of large coffee and tea plantations are located in the middle Wahgi region, which became part of Jiwaka Province in 2012. WHP lost a big chunk of its land to the new province, together with people, resources and capital assets.<sup>13</sup> The reduction in landmass, population and assets will inevitably lead to a reduction in WHP's revenue. The loss may well be insignificant, however, because the provincial government does not directly earn money from coffee production in the province.

WHP may even gain from the creation of Jiwaka Province, as it will no longer be required to meet the high cost of service delivery to the remote Jimi and Kambia regions, which produce little revenue. Of course, any significant reduction in the cost of service delivery could be used as the basis by the national government for reducing grants to the province after 2012. Revenue for WHP should be maintained at realistic levels to maintain services, while Jiwaka needs to be funded at appropriate levels for establishment costs (capital investment) and for service delivery. Assuming that

WHP agrees and is funded, it could assist with the task of nurturing the new province, and continue to provide some services to the people of Jiwaka after 2012 on an agency basis, until relevant milestones for the new province are fully met.

Crime, conflict and poor roads threaten the future of both coffee and tea industries. As mentioned, the Wahgi Valley's plantation economy almost collapsed as coffee estates closed down in the 1990s because of years of widespread mismanagement, gun warfare, labour shortage, poor roads, crime and the high cost of security. While deteriorating roads, crime and the high cost of security contributed to the abandonment of plantations, the withdrawal of labourers from Southern Highlands and Enga provinces, attracted home by mining and petroleum projects there, created a mini Dutch disease that severely affected the coffee sector. Contested ownership and subsequent warfare, especially after alleged mismanagement, then forced many plantations and factories to shut down. In an earlier study, I noted that the disruptive power struggles were not only a threat to the viability of plantations, but would also lead to the dismantling of the coalition-style alliances (business development associations) that own the plantations (Ketan 2004: Chapter 4). Failure to address the issues of intergenerational power struggles, mismanagement, and ownership claims erupted into armed conflict, resulting in numerous deaths, the displacement of large populations, and huge loss of income.

While some plantations have recently been revived with grants from the national government under the coffee rehabilitation program, ownership over Gumanch and Waghie Mek plantations remains contested by rival local groups. Before the closure of the plantations, the WHPG estimated that the province was the country's largest coffee producer, accounting for 46 per cent of the nation's annual production. The province then had 150 coffee plantations and 55,900 household growers (with an average of 1,200 coffee trees each), all capable of producing around 16,165 tonnes of quality Arabica coffee annually. Potential export income for coffee was estimated at K60 million annually (WHPG 1999:11–12). In the current coffee boom,

that figure will have risen considerably, and benefit Jiwaka Province, although most of the essential support and service industries are located in Mount Hagen town.

The once-thriving livestock industry also suffered losses, as cattle ranches in the Baiyer and Jimi valleys closed down because of impassable roads, crime and conflict. Semi-wild cattle now roam freely in the Baiyer–Ruti area, where visitors with cash in hand are allowed by the provincial government to shoot cattle at K500 per head.

Pigs are widely raised by all families in the province, but there are only a few commercial piggeries. The current rate for an average-sized pig is K1,000 while a fully grown boar will cost as much as K3,000. Some pigs are sold to pay school fees each year, but most are used in irregular events such as ceremonial exchanges, bridewealth, compensation, election hospitality, and pig ceremonials.

There are no large chicken farms in WHP, but there is a growing demand for poultry products. The demand for fresh chicken is met by locally produced chickens raised in small huts and sold at K25 per head, while the demand for frozen chicken is met by big national companies operating out of Lae.

New industries such as fisheries (carp and tilapia), locally sewn garments (*laplap* and *meri blaus*) and artefacts (axes and *bilums*) offer some income-earning opportunities in the informal economy, but these are only small in scale.

Although WHP has no verified oil reserves or mineral deposits (except for small amounts of alluvial gold at Mt Kuta near Mount Hagen, and Kurunga in Dei district), the province stands to benefit from the multimillion dollar liquefied natural gas project in Hela Province through spin-off businesses, especially in transport, hospitality and retail industries. Indeed, WHP businessmen and farmers are already taking advantage of opportunities provided by the mineral and petroleum development projects in Enga and Hela provinces by providing goods and services. Trucking and vehicle hire companies are making fortunes, while fresh food producers and retailers are earning good income through sales in project areas, where the demand for food and fuel is high. Overall, much of the economy ticks over without creating

much provincial government revenue or much government intervention, despite the crucial need for improved infrastructure.

### Revenue Sources

The WHPG has a relatively small internal revenue base, even though the province contributes significantly to national income through export crops, and thus relies mainly on annual national government grants to fund its operations. Each of the seven Open MPs has had K36 million (see under Political Structures and Funds) which could be accessed under the DSIP, but they have shown little interest in supporting provincial government initiatives, which, in their view, will only generate prestige for the governor. The WHPG generates much of its revenue from liquor licensing, retail tax, motor vehicle registration, and from investments in real estate and coffee management companies. The provincial cash cow, Melpa Properties Limited, provides local politicians with money for pork-barrel politics, while the Western Highlands Engineering Unit has been used by some as a vehicle for transferring money from public to private pockets.

Provincial sources of revenue include:

- Melpa Properties Limited, a real estate company owned by the WHPG, now managed by Western Highlands Development Corporation, has not paid any dividend in the past three years, although we do know that it owns properties, that it does make money, and that some of the money has been used by politicians and others outside the provincial budget.
- Motor Vehicle Registry and Licensing provides a growing source of income for the province and has the potential to generate much more if managed properly.
- Provincial liquor licensing could generate much more money than it currently does, if licensing were effectively policed and revenue collected in a timely manner.
- Retail tax remitted from the Internal Revenue Commission is the major source of internal revenue for the province.

- Gambling is popular but difficult to tax and, curiously, the province has failed to register income from this source in the past three years.

In 2009, the WHPG generated K14.9 million from internal revenue, including K11.5 million from Goods and Services Tax, and K2 million from motor vehicle and public motor vehicle registration. The province collected K200,000 from liquor licensing, well below what it actually should generate. Note that the WHPG did not receive any dividend from Melpa Properties in 2009. Likewise, it did not receive any money from Bookmakers Tax.

The NEFC indicated that WHP does not spend enough money from internal revenue on core MTDS areas. It shows that internal revenue spending on services declined significantly since 2007. The province spent almost K4 million from internal revenue on services in 2007, followed by zero expenditure in 2008, and about K3.6 million in 2009 (NEFC 2010:24, Graph 6). A large percentage of internal revenue is believed to be used outside the contexts of the public financial management system (probably listed under Unspecified Arrears in expenditure reports).

A previous WHPG sold off the provincial government's shares in Ramu Sugar and gave away investments in coffee estates. The holding company, Arabica Coffee Limited, is managed by an expatriate, while the plantations, though revived with provincial government funds under its coffee rehabilitation program, are now controlled by individuals. Attempts by the Olga government to recover money from such sales were not successful, while the general manager of Melpa Properties has been instructed by the WHPG to prepare documents to be used in court proceedings against the owners of the plantations.

Under Governor Olga the WHPG identified deficiencies in revenue collection methods and hired a consultant to design strategies to improve the system. In April 2011, Melpa Properties Limited had not produced audited financial reports for the previous three years, despite requests from the Office of the Governor.

### Recurrent Expenditure in Core Medium Term Development Strategy Areas

The NEFC reviews on provincial government expenditure (2005–2009) identified several key development issues that required immediate government attention. The general points raised by the NEFC (2007, 2008) are that there is a funding gap between fiscal capacity and cost of services; there is a priority gap between fiscal capacity and expenditure; and the current level of spending on recurrent goods and services in priority areas is inadequate. A further point made by the NEFC is that 'over recent years the combined impact of population growth and inflation has meant that the cost of delivering services has risen at a faster rate than the corresponding increase in revenues available to provinces', under the reformed intergovernmental financing arrangements (NEFC 2010:18).

With respect to fiscal capacity, WHP has at its disposal only 68 per cent of what it needs to perform its essential roles. In other words, the province has a budget shortfall of 32 per cent required to fund core services. The funding gap is caused by high cost of services and low levels of funding (quite apart from high 'administrative costs', which come under the 'priority gap' label and exceed fiscal capacity).

The funding gap is being partly addressed by the national government through the implementation of the reformed intergovernmental financing arrangements, although the combined impact of population growth and inflation has outstripped increase in revenues (as noted above). To achieve financial autonomy, the WHPG will need to invest in agriculture and downstream processing in order to expand its internal revenue base.

An examination of provincial government expenditure from 2005 to 2009, based on NEFC reports (2007, 2008, 2009, 2010), indicates how the province performs in crucial areas of service delivery.

### Administration

Despite its limited fiscal capacity, WHP spends too much money on administration, leaving little for priority areas. The NEFC estimated that the annual cost of services for administration should be K1.879 million (NEFC 2010:117). The province, however, has consistently overspent. According to the NEFC expenditure review for 2005–2009, the largest amount spent on administration was K7.808 million — 415.5 per cent — in 2008. In 2009 it was K7.367 million. The priority gap can be reduced by cutting back on administrative spending, reducing and controlling spending on low priority areas (projects and casual wages), and spending more on core MTDS areas.

### Education

The NEFC (2010) estimated that it would cost the WHPG around K7.096 million annually to deliver educational services across the province. The minimum priority activities in education identified by the NEFC are: (1) provision of school materials, (2) supervision by district and provincial officers, and (3) operation of district education offices. In 2009, the WHPG allocated K2.729 million (38.5 per cent) to education activities. This is a significant increase from previous years: 15 per cent in 2008, 18 per cent in 2007, 8 per cent in 2006, and 21 per cent in 2005. Spending less than 40 per cent of what the province needs to spend on education is not good enough for a province that takes pride in the development of human resources. The important role of the Christian missions in the delivery of educational services becomes clearer in this context. The main churches (Catholic, Lutheran, Seventh-day Adventists) operate 132 primary schools (compared with 54 government primary schools), seven high schools (eight government), five vocational schools (two government), and numerous post-secondary colleges (including the Holy Trinity Teachers College, the Kudjip Nursing College, the multid denominational Christian Leaders Training College, and various denominational bible colleges and seminaries).

### Health

The NEFC (2010) estimated the annual cost of health services in WHP to be K4.166 million. The minimum priority activities in health are: (1) operation of rural health facilities, (2) integrated health outreach patrols, and (3) drug distribution. In 2009 the WHPG spent K1.833 million on health, which is 44 per cent of what it needs to spend on the delivery of health services. This is the highest amount recorded within the five-year period covered by the NEFC review. Figures for previous years were 21 per cent in 2008, 24 per cent in 2007, 20 per cent in 2006, and 28 per cent in 2005. Health is crucial for social development, but the low priority given by the WHPG suggests that it is not serious about providing primary health care — including tackling the HIV/AIDS epidemic, sexually transmitted diseases, and other diseases — for its citizens. The province would have been in serious trouble had it not been for the Christian missions, which provide vital health services across the province through 38 health centres (compared with 18 government), including Kudjip Nazarene Hospital (now in Jiwaka Province), Kotna Lutheran Hospital and Tinsley Baptist Hospital.

### Infrastructure Maintenance

This is the most expensive of all sectors. The NEFC (2010) estimated that it would cost around K15.080 million per annum to provide infrastructure maintenance services across WHP. The minimum priority activities in transport infrastructure are road, bridge and airstrip maintenance. In 2009, the WHPG spent K4.557 million on transport infrastructure, just 30 per cent of what it needs to spend. This represents an increase from 2008 of 15 per cent, although it is not near previous years: 36 per cent in 2007 and 52 per cent in 2006. The higher expenditure in 2006 and 2007 is the result of K6 million worth of contracts awarded to local construction companies for the upgrading of roads in the province. The expenditure follows a typical pattern whereby governments (and MPs) spend more money at the end of the year — and at the end of their tenure — rather than at the beginning and middle periods. Correspondingly, roads

improve in the fourth and fifth years of the election cycle, only to fall into disrepair after the elections.

### Agriculture

The NEFC (2010) estimated that the cost of services in agriculture is K1.785 million annually. The province has neglected this most important area. Agriculture funds have gone mainly towards the rehabilitation of coffee plantations (mostly operated by cronies of politicians). Extension, marketing and other key aspects of agriculture have been neglected by the WHPG for many years. The industry has survived because of local entrepreneurial and survival skills.

### Village Courts

The NEFC (2010) estimated that the annual cost of services for village courts is K0.485 million for allowances and a further K0.259 for operational costs. The provincial government allocated more money in this sector over the review period, but what is not clear from the review is the appropriation figures for village courts, peace mediators, land mediators, and other frontline law and order people (officials and community leaders). The WHPG allocated K1 million for law and order in its 2011 budget, but that is inadequate to fund all its operations in this most crucial MTDS area.

### Evaluation I: How Did the Olga Government Perform?

This concluding section evaluates the performance of the Olga government in the areas of governance and service delivery. It is fair to say that Tom Olga had no experience in management or administration before becoming governor of the province. Furthermore, he did not possess the relevant academic qualifications usually required for coordinating the complex activities of government business. What he did have was leadership skills: the ability to coordinate large-scale enterprises involving hundreds of people, large sums of money and other resources.

Olga also had the exuberance of youth and enthusiasm for learning about the business of governance. He recognised that the best way to learn about development planning, policy



formulation, budgeting, governance and service delivery was to involve himself in these processes. Soon after taking office in August 2007, Governor Olga initiated a review of government operations in the province. The review was to provide the WHPG with baseline data with which to plan for the future.

The review found that the province was suffering from serious political and economic governance, and administrative, problems. The problems ranged from ad hoc decision-making to poor investments, with no regard for accountability of public funds. The findings of the review were published in a policy paper (Ketan and Olga 2008). The major problems identified by the review are discussed below.

- The WHPG had been operating for many years without a strategic plan, a vision statement, or clearly articulated policy documents. To rectify this situation, the Olga government dedicated its first year to assessment and planning, which resulted in the release of several planning documents: a Governor's Vision Statement containing policy directives and a corporate plan (Bruce and Temon 2009; Ketan and Olga 2008). Next, the government established the Provincial Coordination and Monitoring Committee to coordinate the delivery of services within the province. This committee draws membership from all stakeholders, including civil society.
- In 2010, the Olga government became the first provincial government in PNG to deliver its integrated development plan to the national government. The Western Highlands Integrated Development Plan 2011–2015 aligned the Olga government's development goals with the national government's PNG Development Strategic Plan 2010–2030 as well as with the PNG National Strategic Plan 2010–2050 (commonly known as the PNG Vision 2050 roadmap).
- Provincial administrators acted in that position for 12 years, from 2000 to 2012. Michael Wandil held the post of provincial administrator in an acting capacity for almost 9 years (2000–

2008). The Olga government did not rectify this situation by making a substantive appointment. Wandil's successor, Malcolm Culligan, was acting provincial administrator for almost four years.

- All public servants in the province have been on acting positions since 2002 (and still are to this date). That is nine years without job security. As Governor Olga said in jest, 'They should be in Hollywood'. Yet, this is unacceptable. Low morale and poor performance have been attributed to this situation. The Department of Personnel Management finally responded to the Olga government's request for all positions to be formalised. But positions have to be advertised so that substantive appointments can be made, all of which takes many months.
- Inherent financial management problems (lack of control, absence of internal audits, non-compliance with the Public Finance Management Act) were identified within the provincial administration. This has led to the theft of public funds in millions of kina (mainly through fraudulent claims). These problems have yet to be rectified. Governor Olga brought this matter to the attention of officials in Waigani, but he admitted that it would require profound reforms in the areas of financial management as well as in personnel management to rectify these problems.
- Too many people were employed as casual staff within the provincial administration as well as with provincial government-owned entities (approximately 150 persons in provincial government, 50 in Melpa Properties, 30 in Western Highlands Engineering Limited, 20 in Office of Traffic Registry, 20 in Pacific Arabica). The Olga government reduced the number of casual staff, but there are still too many casual staff on the public payroll.<sup>14</sup>
- The WHPG operated for many years without an asset management system. The Olga government established an Asset Register and Database to prevent further theft of government assets.
- In 2007 the province was in very bad shape, as exemplified by deteriorating transport and social infrastructure, run-down coffee plantations,

declining social indicators, increasing conflict and social instability, and serious governance problems. The Olga government, in collaboration with Open MPs, made some progress in upgrading major roads. The Hagen–Baiyer Road and the Kotna–Banz Road were sealed, thanks in part to contributions from Open MPs, but also because of Asian Development Bank counterpart funding put aside by the Wingti government. But there is much more work to be done: all roads within the province need to be rehabilitated to previous levels. With respect to declining social indicators, conflict and social instability, the Olga government had planned to address these issues through the Ward Development Program (see endnote 6). Agriculture and governance, although key issues in the Governor's Vision Statement (Ketan and Olga 2008), seem to have been neglected again.

- Successive governments and the public service have failed to deliver basic services to the people. The NEFC reports indicate that the Olga government, like its predecessors, did not deliver services evenly across the province.
- Public expenditure programs have not resulted in any tangible development within the province. The Olga government planned for developing the Kagamuga Airport precinct (including airport upgrading, stadium, township), the provincial headquarters complex, a city bypass for heavy trucks, the Mount Hagen Water Supply (to be sourced from Mount Ambra), City Waste Treatment and Disposal System, the Baiyer River Birds Sanctuary, and the Kuk World Heritage property. Governor Olga liked to promote grand plans, but seemed to have forgotten his promise to do small things properly before embarking on bigger and complex projects. He planned to build a provincial headquarters complex that could have cost over a hundred million kina. It would have been better to build a simple one for K20 million at the time (rather than a grand one later).

In terms of good governance practices, the Olga administration performed adequately, but clearly more needed to be done.

In terms of service delivery, the Olga government performed poorly. The provincial administrator has considerable responsibility for this failure although, as demonstrated, many of the problems of governance are deeply engrained.

NEFC Chairman, Nao Badu, advised Governor Olga to use the NEFC cost of services study, as justification, to draw down funds from the Department of National Planning and Monitoring to deliver services and to rehabilitate infrastructure before June 2012, but Olga ignored that advice. Had he taken the NEFC advice seriously, he may have won the 2012 election on the strength of service delivery and infrastructure maintenance. With a renewed mandate in 2012, he would have been able to raise funds to implement the Mount Hagen City Redevelopment Plan.

Overall, the provincial bureaucracy needs real stimulation to get its house in order. Key areas to be improved include policy implementation, service delivery and financial management.

### Evaluation II: Is This Good Melanesian Governance?

If provinces were ranked according to traditional Melanesian principles of governance, especially in the area of resource allocation, then we have to conclude that WHP has a poor record in political governance and service delivery.

Although this study was based on observations made in WHP, it draws from experiences in Southern Highlands and Eastern Highlands provinces (see Ketan 2009a and 2009b). Fundamentally, political governance and service delivery are crucial to realising the country's long-term development goals. In analysing governance issues at the sub-national level, it became apparent that WHP's current governance practices are far too divorced from basic Melanesian principles of good governance. Pacific scholarship can be enriched by considering the following questions at the national level: Have state resources been used by politicians and public servants to improve the living conditions of all men, women and children across the country or to enrich only a few well-connected individuals? Have decisions by politicians and public servants regarding jobs and contracts been made in the

broader public interest or merely promote the narrow interests of a few people? Similar questions can be asked of politicians and bureaucrats at the provincial and district levels. In WHP, we have yet to find the answers to the common governance problems, although the Olga government (like the government of Father Lak) was not afraid to try new ways to improve governance and service delivery.

Several planning and governance models were considered at the inception of the Olga administration:

- Consultative mode of governance — this form of governance involves the participation of ordinary people in decision-making processes, through community development forums, while at the same time providing the opportunity for expert advice through a provincial advisory board comprising professional Western Highlanders from various fields. (A strategy like this was used in Eastern Highlands Province under Governor Mal Kela Smith, with some success — and some resistance from officials.)
- Integrated planning — a development planning model that encapsulates all aspects of human development, on a basic needs approach, and integrated from ward to district to provincial to national development goals.
- Open budgeting — a budget should directly correspond to the basic needs and development priorities identified in the ward, district and provincial development plans. And the results or outcomes of the appropriations must be published annually for public inspection and comment.
- Regular monitoring and evaluation — both development planning and budget implementation need to be closely monitored to ensure effective use of state resources.

Based on Melanesian principles of governance, these models were aimed at improving political and economic governance, promoting wider participation in planning, ensuring greater levels of accountability and transparency in the disbursement of state resources, and providing vital information for planning and budgeting purposes.

Certain aspects of these models have been implemented, incrementally, but with disappointing results. The ideas of consultative mode of governance, integrated planning and Open budgeting were experimented in the first year of the Olga government, but these ideas were soon discarded as Governor Olga became more familiar with the mechanics of government. In hindsight, it would have been better had they been implemented in a more cohesive manner, although I doubt that any of these ideas would have worked without political will.

### Conclusion

A number of conclusions can be drawn from this WHP case study and from similar studies on governance and service delivery in Southern Highlands and Eastern Highlands provinces (Ketan 2009a and 2009b).

First, only a handful of provinces function effectively in the area of service delivery. Most provinces have failed to deliver services in the core MTDS areas of health, education, agriculture, infrastructure, and law and justice. Even provinces ranked by the NEFC as having the highest fiscal capacity have performed poorly in these areas. The reasons for abysmal performance include underfunding, excessive administrative expenditure, dreadful financial management, political interference, corruption, lawlessness, rugged terrain, and poor infrastructure. Standish (2013) provides comparable analysis of the political structures underlying failure in service delivery. In such situations, not all provinces have the capacity or resources required to provide basic services, yet they all continue to spend excessive money on salaries and emoluments, leaving little or nothing for services.

Second, the core functions of the public service have been hijacked by politicians and their supporters. Planning, budgeting, and service delivery are widely recognised as the core functions of the state in advanced democracies, but in developing democracies such as PNG, politicians have taken on the role of service providers rather than policy-makers. Budget formulation, for example, is often handled by the

governors' support staff in Port Moresby, without input from public servants in the provinces. This deliberate marginalisation of public servants can adversely affect performance in a number of ways. At best, policy implementers show little interest in government business, other than collecting their salaries; at worst, public servants may even frustrate politicians by sabotaging implementation of MTDS sectoral programs and particularly MPs' pet projects. This in turn fuels distrust between politicians and public servants, thereby negating legal and moral responsibility of state officials to provide goods and services to the people.

Third, the provincial and local government reforms ushered in by the Wingti–Chan governments of 1992–1995 have atrophied the demand and response principle of liberal democracies. Provincial governments under the previous three-tiered system of government created a kind of tension required for equitable, transparent and accountable distribution of services.<sup>15</sup> Members of the former elected provincial assemblies were continuously under pressure from the voters to deliver services to their constituencies. These members were easily accessible to the people; indeed, they lived in small local communities, travelled on the same roads, and had access to the same services as their constituents. Elected members were accountable to the people not just every five years, but every day of their tenure.

Fourth, the accountability mechanisms within provinces were considerably weakened by the provincial and local government reforms of 1995. The new system of governance established under the OLPGLLG does not encourage governors and provincial executive council members to be accountable during their tenure in office. Open MPs now have funding, but lack the effective means of delivering services, while the provincial governments lack resources and effective control of what happens in districts. Actual service delivery has thus ceased to be a priority for those who currently occupy political offices. What is urgently required is a system of government that generates constant pressure on politicians and bureaucrats to deliver services to people across the country.

In this context, the national government should ideally repeal the OLPGLLG, thereby enabling a return to a three-tier government. It would remove Open members from their executive roles, and restrict them to scrutiny, policy-making and legislation over national issues. Such a system of government would give due recognition to the most accountable of all levels of government — local government — as well as strengthening accountability mechanisms at both provincial and national levels. A system of government that rewards provincial assembly members and national politicians to reside in their constituencies would be more effective than the present system — where national MPs dominate at all levels — and help promote good governance principles of transparency, accountability, equity, and democracy.

### Author Notes

Joe Ketan is an independent researcher based in Mount Hagen. He holds first degrees in anthropology and sociology from the University of Papua New Guinea (UPNG) and a PhD in political science from the University of Wollongong. He has worked as a researcher at the Institute of PNG Studies, the National Research Institute, and at the Institute of Pacific Studies. He has taught in anthropology at UPNG and convened a post-graduate program on governance and governments of the South Pacific at the University of the South Pacific in Suva, Fiji. Dr Ketan is the author of *The Name Must Not Go Down: Political Competition and State–Society Relations in Mount Hagen, Papua New Guinea* and numerous other publications on electoral politics and governance. He can be contacted via email, joseph.ketan@yahoo.com, or by phone on (675) 7282 9156.

### Endnotes

- 1 Pastor Max Martin, Christian Leaders Training College, Banz, north Wahgi, personal communication, Port Moresby, April 2011.
- 2 I acknowledge with gratitude the useful comments provided by Dr Bill Standish and reviewers Dr John Burton and Dr Ron May on an earlier draft of this paper. Thanks also to Tracy Harwood and

Richard Eves for knocking this paper into shape for publication. I of course take full responsibility for the content.

- 3 My thanks to Mr Tom Olga and to provincial administrators Michael Wandil and Malcolm Culligan and their staff Joe Neng, Pym Mamandi, Ben Temon, Dr Robert Bruce, Steven Moka and Ben Laki for their help in understanding the situation in WHP. A special thanks to Nicholas Namba and his lieutenants, Regina and Rosa, for their warm hospitality at Kuk. Finally, I wish to thank Helen and Joy for being there for me.
- 4 This kind of behaviour goes back much further. The Kapal government's 1985 'car deal' led to the suspension of the provincial government by the Wingti-led national government (John Burton, personal communication, 2012).
- 5 Note that the buildings that Kapal Haus was built to replace were themselves burnt down. (Dr John Burton reminded me of this repeat behaviour.)
- 6 The 2012 national elections in the highlands could also have been failed on similar grounds if it had not been for the fact that PNG had just come out of a serious constitutional crisis caused by a leadership tussle between former prime minister Michael Somare and current Prime Minister Peter O'Neill, with the police and army divided between the rival political factions. On the basis of reports from 170 domestic observers and voter feedback from teams throughout the country, Haley and Zubrinich (2012) concluded that the 2012 elections were worse than the 2007 elections.
- 7 Olga sought to implement the Ward Development Program (as specified by Section 26 of the *Local-Level Governments Administration Act 1997*) — a joint national and provincial government initiative aimed at strengthening local leadership and social institutions, empowering disadvantaged groups, promoting good governance at ward and district levels, facilitating sustained economic growth, and improving the living conditions of people across the province. The Ward Development Program was also the intended vehicle for implementing the national government's strategic development plans (the Medium Term Development Strategy 2011–2015, the Development Strategic Plan 2010–2030, and the Papua New Guinea Vision 2050 roadmap).

By resourcing local communities, via LLG grants, and by providing technical assistance, the provincial government attempted to empower local leadership and family units. The idea was to allow people at the ward level to decide what is best for themselves and for their communities, in terms of planning, budgeting, prioritising projects, developing projects and evaluating their impact.

Unfortunately for Olga, he was not successful in convincing Open MPs to support the program and, without support from the national government, the program did not get off the ground, and he lost the 2012 elections. The idea, nonetheless, remains viable, and it seems that the O'Neill government is willing to do whatever it takes to bring services LLG closer to the people, so a revised version of the Ward Development Program may still work.

- 8 DSIP allocations for 2012 were raised to K10 million per MP and this amount was maintained in 2013 (hence the total figure of K36 million from 2007 to 2013), which comes to a total of K3,204 million for the 89 districts. Open MPs are allocated an additional K500,000 annually in district support grants, while provincial MPs (governors) are entitled to only K500,000 in provincial support grants.
- 9 Student protests over the Morauta government's attempts to privatise public enterprises had resulted in the fatal shooting of four young men, including three students, by police at the Waigani campus in the early hours of 26 June 2001.
- 10 The former prime minister made a strong impression on the young Olga when they met many years ago in Australia. Wingti's son, Nathan, and Olga were students at the northern New South Wales town of Lismore, when Wingti, then prime minister, visited both young men and gave them some advice. To Nathan, Wingti said: 'Son, you will be in charge of money', and to Olga, 'You will one day take my job'. It is claimed that Wingti gave his leadership to Olga at St Johns College, Lismore, years before the 2007 elections. Wingti may or may not confirm this, but Olga tells this story with great delight. I first heard the story from Tom Olga's father in Port Moresby in 2008.
- 11 Sir Mekere Morauta became the parliamentary leader of the People's Democratic Movement Party in 1999 and renamed it the PNG Party, but the People's Democratic Movement Party was later revived by Paias Wingti and his supporters.

- 12 The October 2010 visit was an example of how a prime minister makes big promises, which tells us a lot about national politics. In this case, despite the huge replica cheque flown in from Port Moresby, the WHPG waited in vain for the money to be released by the Department of National Planning.
- 13 The Jiwaka area has some of the most productive coffee plantations in WHP. The plantation industry is dominated by the Wahgi Mek Group, which operates a number of plantations on both sides of the Wahgi River. Jiwaka also has several important health and educational facilities, including Kudjip Nazarene Hospital, Christian Leaders Training College, and Fatima station. These economic and social assets will provide Jiwaka with a good foundation on which to build a viable province. The people of the 'free country' are renowned for their friendship and warm hospitality and will no doubt attract investors and workers to the new province. The Jimi, Wahgi and Kambia are giant valleys that can be turned into a food basket of the country.
- 14 These figures were given to me by Governor Olga. I have not been able to confirm the accuracy of this information.
- 15 Dr Thomas Webster, Director, National Research Institute, personal communication, November 2011.

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