



Tax and Revenue: A Peace Agreement Implementation Perspective

James Tanis, Secretary, DPAI


'The Bougainville Peace Agreement is a complex and comprehensive document'



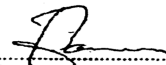
The system of government we have in Bougainville is unique – we are not a State, with all the powers and functions of a State but neither are we a provincial government

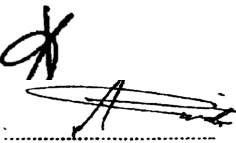
SIGNED AT ARAWA, BOUGAINVILLE, PAPUA NEW GUINEA, THIS 30th DAY OF AUGUST 2001:


.....
HON. SIR MEKERE MORAUTA, Kt MP
PRIME MINISTER


.....
HON. JOHN L. MOMIS MP
GOVERNOR, BOUGAINVILLE
INTERIM PROVINCIAL GOVERNMENT



.....
HON. MOI AVEI
MINISTER FOR
BOUGAINVILLE AFFAIRS


.....
MR. J. RANAM
CHAIRMAN, LEITANA
COUNCIL OF ELDERS


.....
MR. G. SENATO
DEPUTY GOVERNOR
BOUGAINVILLE INTERIM
PROVINCIAL GOVERNMENT


.....
MR. T. ANIS
VICE-PRESIDENT
BOUGAINVILLE
PEOPLE'S CONGRESS


.....
HON. M. OGIO
DEPUTY PRIME MINISTER
MP FOR NORTH


.....
MR. J. TANIS
VICE-PRESIDENT
BOUGAINVILLE PEOPLE'S
CONGRESS


.....
ISHMAEL TOROAMA
CHIEF OF DEFENCE
BOUGAINVILLE
REVOLUTIONARY ARMY


.....
HILARY MASIRIA
CHAIRMAN, BOUGAINVILLE
RESISTANCE FORCES

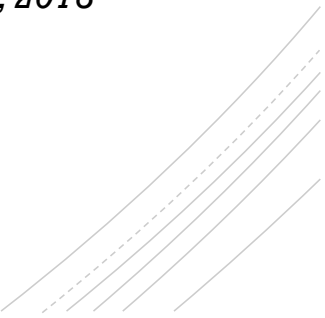

.....
MRS. RUBY MIRINKA
REPRESENTATIVE OF
BOUGAINVILLE WOMEN



There is a lack of understanding
about the autonomy
arrangements

- The lack of understanding in Papua New Guinea and Bougainville of the autonomy arrangements is the single largest issue facing PNG and Bougainville today. This deficit goes to the heart of many current misunderstandings, tensions, unfulfilled expectations and potential conflict on many levels. This weakness starts with political and administration leaders in Papua New Guinea and in Bougainville and extends down to the people of Bougainville. It is pervasive at all levels'

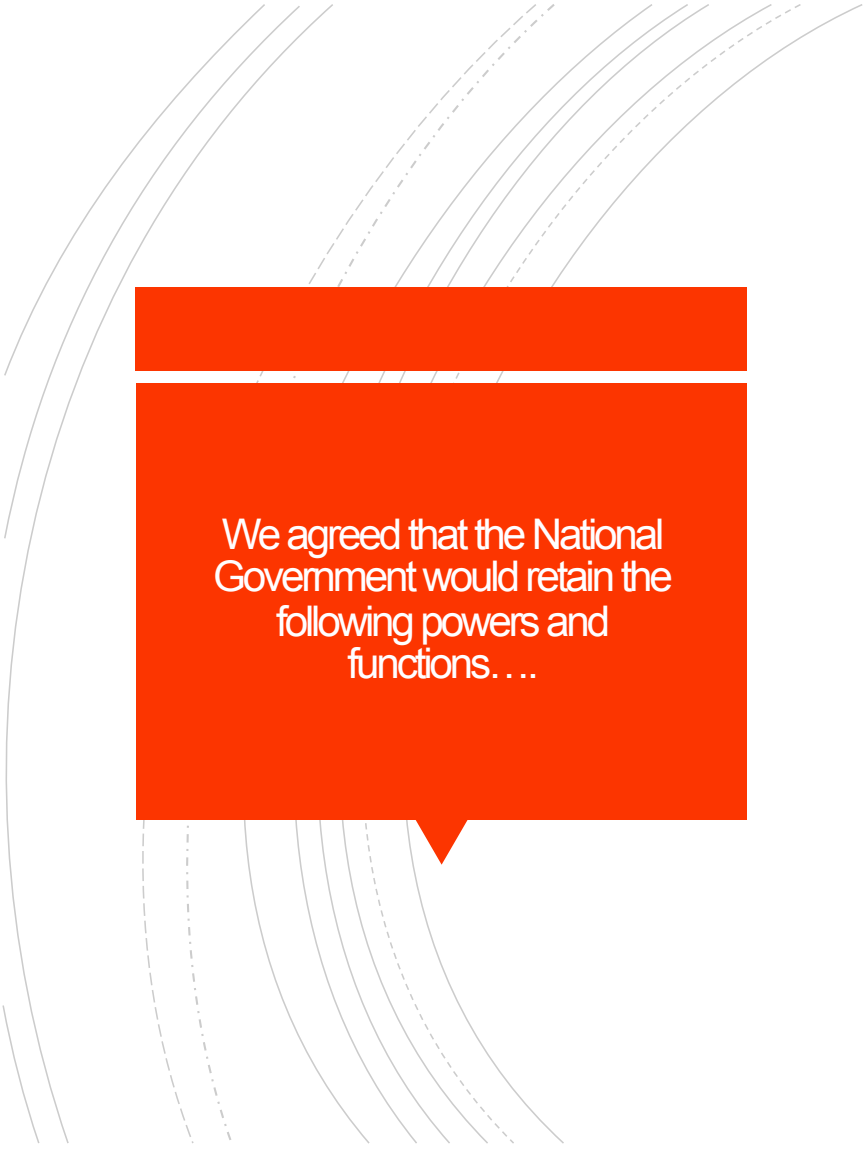
Joint Autonomy Review, 2013






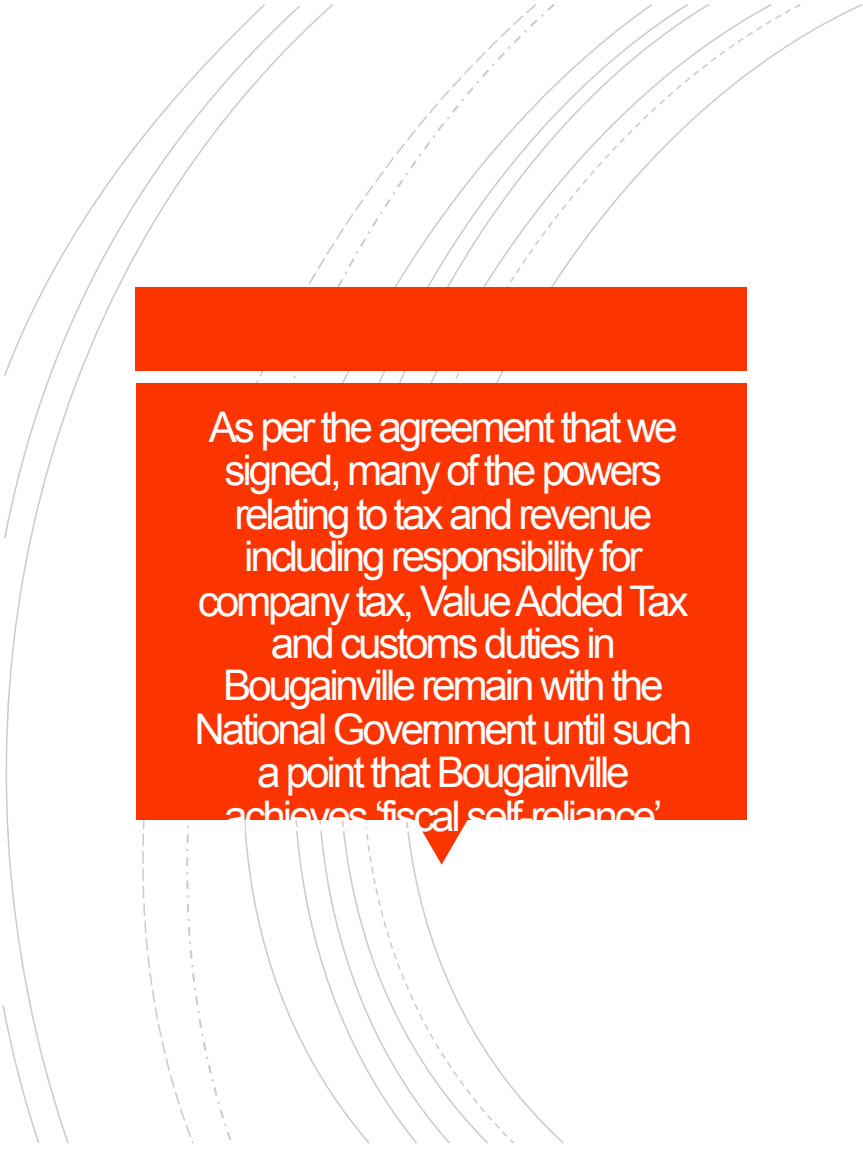
The Constitutional Framework

- 2001 – Bougainville Peace Agreement
- Bougainville Peace Agreement Embedded in Changes to the National Constitution
- 2002- Organic Law on Peace-building in Bougainville – Autonomous Bougainville Government and Bougainville Referendum
- 2005 – Constitution of the Autonomous Region of Bougainville



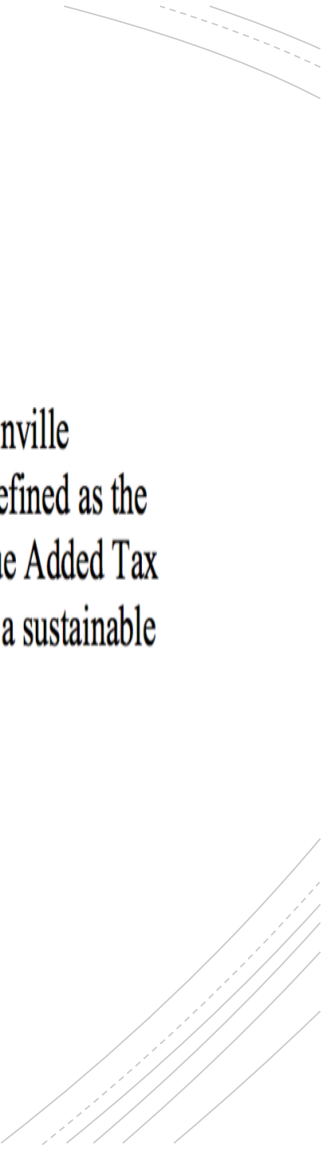
We agreed that the National Government would retain the following powers and functions...

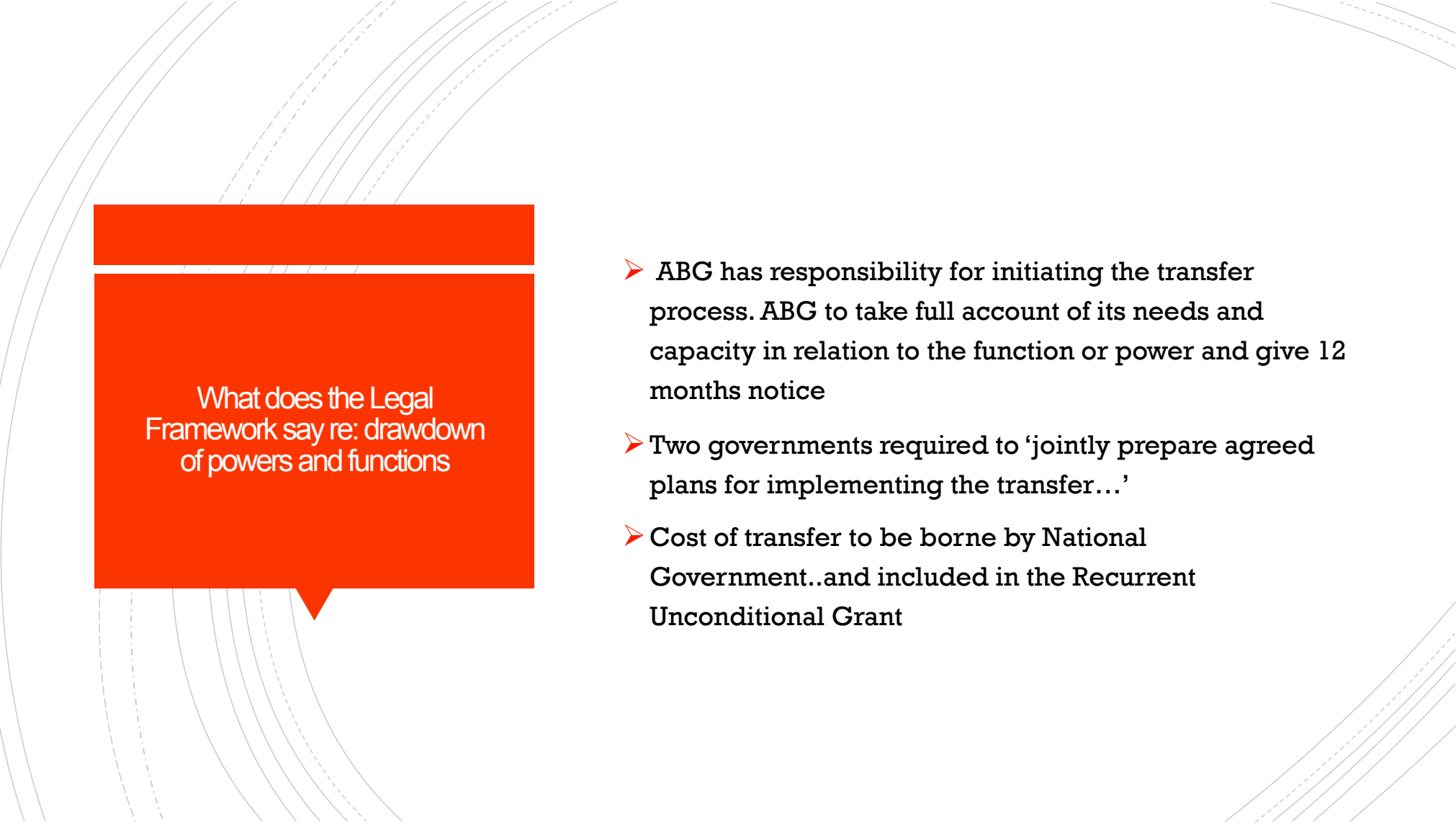
- Defence;
 - Foreign relations;
 - Immigration;
 - Highly migratory and straddling fish stocks;
 - Central Banking;
 - Currency;
 - International civil aviation;
 - International shipping;
 - International trade;
 - Posts;
 - Telecommunications;
 - All other powers for which the National Government is responsible under other provisions of this Agreement
 - (*Bougainville Peace Agreement s.51*)
- 



As per the agreement that we signed, many of the powers relating to tax and revenue including responsibility for company tax, Value Added Tax and customs duties in Bougainville remain with the National Government until such a point that Bougainville achieves 'fiscal self-reliance'

137. The National Government will support the autonomous Bougainville Government in moving towards the goal of fiscal self-reliance, defined as the year in which the revenue from company tax, 70 per cent of Value Added Tax and customs duties is equal to the value of the recurrent grant on a sustainable basis.





What does the Legal Framework say re: drawdown of powers and functions

- **ABG has responsibility for initiating the transfer process. ABG to take full account of its needs and capacity in relation to the function or power and give 12 months notice**
- **Two governments required to ‘jointly prepare agreed plans for implementing the transfer...’**
- **Cost of transfer to be borne by National Government..and included in the Recurrent Unconditional Grant**



What are these powers and functions? A long list!

- As per the Constitution of the Independent State of Papua New Guinea S.290 (2)
- (a) agriculture;
- (b) arts;
- (c) building regulation;
- (d) cemeteries;
- (e) censorship;
- (f) children;
- (g) churches and religion;
- (h) civil registration;
- (i) communications and information services within Bougainville;
- (j) community development;
- (k) corporation law;
- (l) culture;
- (m) education;
- (n) energy (including electricity and power generation and distribution);
- (o) environment;
- (p) family law;
- (q) fire service;
- (r) fisheries (other than highly migratory or straddling stocks)

- (s) Forestry and agro-forestry
- (t) gambling, lotteries and games of chance;
- (u) harbours and marine;
- (v) health;
- w) heritage;
- x) home affairs, including youth and social welfare;
- (y) housing (but not State-owned housing);
- z) information technology
- (za) insurance;
- (zb) intellectual property;
- (zc) labour and employment (other than industrial relations);
- (zd) land and natural resources
- (ze) land, sea and air transport;
- (zf) language;
- (zg) land, sea and air transport;
- (zh) licensing of public entertainment;
- (zi) liquor;

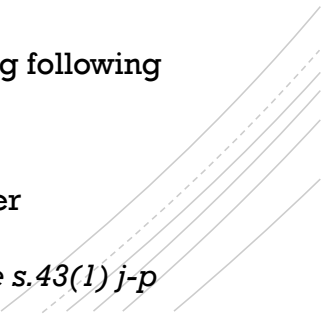
(*zj*) livestock;
(*zk*) local-level government;
(*zl*) manufacturing;
(*zm*) mining;
(*zn*) non-banking financial institutions;
(*zo*) oil and gas;
(*zp*) parks and reserves;
(*zq*) physical planning;
(*zr*) professionals;
(*zs*) public holidays;
(*zt*) public works;
(*zu*) science and technology;
(*zv*) sports and recreations;
(*zw*) statistics (other than National Census);
(*zx*) symbols of the Bougainville Government;
zy) time zones;
(*zz*) tourism;
(*zza*) trade, commerce and industry;
(*zzb*) waste management;
(*zzc*) water and sewerage;
(*zzd*) water resources;
(*zze*) wild life preservation;
(*zzf*) wills and succession;
(*zzg*) such other functions and powers for which, in accordance with this Part and the Agreement, the Bougainville Government may be responsible.

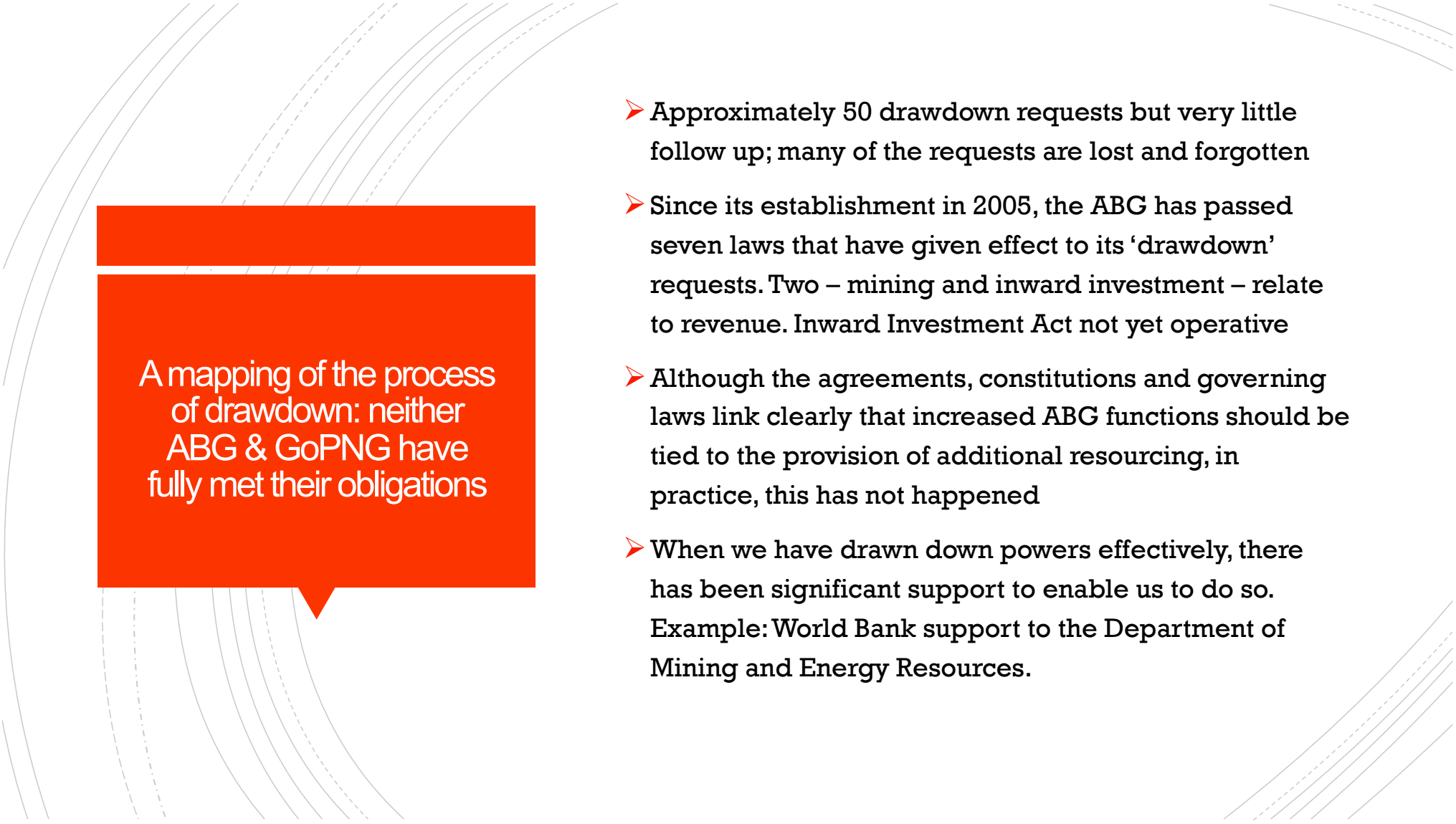


Prior to initiating a transfer,
the Bougainville Constitution
tells us we need to...

- consider the relative importance to the People of Bougainville of the issue in question; and
- consider the need for the Autonomous Bougainville Government to achieve fiscal self-reliance as soon as possible; and
- consider the need to promote economic development so as to accelerate the achievement of fiscal self-reliance and promote the well-being of the People of Bougainville; and
- consider the desire of the People of Bougainville for a peaceful and harmonious society; and
- consider the need to develop the capacity of the administration of the Autonomous Bougainville Government to the point at which it can manage effectively the widest possible range of powers, functions, plebiscites and polls for the betterment of the lives of the People of Bougainville; and
- consider the need to promote reconciliation and healing following the Bougainville conflict; and
- consider the possible role of traditional chiefs and other traditional leaders in relation to the issue in question

Constitution of Bougainville s.43(1) j-p





A mapping of the process
of drawdown: neither
ABG & GoPNG have
fully met their obligations

- Approximately 50 drawdown requests but very little follow up; many of the requests are lost and forgotten
- Since its establishment in 2005, the ABG has passed seven laws that have given effect to its 'drawdown' requests. Two – mining and inward investment – relate to revenue. Inward Investment Act not yet operative
- Although the agreements, constitutions and governing laws link clearly that increased ABG functions should be tied to the provision of additional resourcing, in practice, this has not happened
- When we have drawn down powers effectively, there has been significant support to enable us to do so. Example: World Bank support to the Department of Mining and Energy Resources.



Decoupled from drawdown is the
issue of human resources...

- Economic Development Skills
- (i) Policy Development), (ii) Responsible Persons and Corporate Regulatory Management, (iii) advanced Financial Literacy, (iv) advanced Commercial / Business understanding, (v) Investment Analysis (Due Diligence) , (vi) Transactional Management (structuring, negotiations, execution), (vii) Major Projects development / investment, (viii) Board Governance (structuring and supporting), (ix) Performance management of investee companies, (x) Trade Development (xi) Technical Writing (xi) Effective Policy Development and (xi) Government Owned Enterprises
- Tax skills
- (i) Revenue and tax policy, (ii) revenue forecasting, (iii) advanced knowledge of business law and regulation, (iv) advanced accounting and auditing skills, (v) tax law and administration, (vi) tax compliance and enforcement techniques, (vii) public awareness and communications skills

A New Start? Overarching MoU on Drawdown of Powers and Functions



EXECUTION:
IN WITNESS, this Memorandum of Understanding has been executed on
This..... 20th day of March2017

Signed For And On Behalf of The Independent State of
Papua New Guinea
Government

Signed For And On Behalf of The
Autonomous Bougainville

HON. SIR PUKA TEMU, KBE, CMG MP
SAWA MHR
Minister For Public Service

HON. ROBERTH HAMAL
ABG Minister For Public Service

MR. JOHN M. KALL, CMG OBE
Secretary Department of Personnel
Management

MR. JOSEPH NOBETAU
Chief Secretary- Autonomous
Bougainville Government