



DEPARTMENT OF PRESIDENT & BOUGAINVILLE EXECUTIVE COUNCIL
OFFICE OF CHIEF SECRETARY

5 November 2018

Update Report – August to October 2018

This report accounts for the three-month period from August to October 2018 and seeks to highlight activities and achievements of the ABG Public Service.

The report is divided into two parts. Part 1 outlines activities and achievements. Part 2 speaks to the continued challenges and the need for reform.

During the reporting period the public service has continued to progress a range of initiatives. These have included: progressing arrangements for the referendum; enhancing peace and stability; driving public sector reform; enhancing good governance; supporting economic development; combatting corruption; strengthening engagement and providing support at the regional and district level. In large part, initiatives have been driven and guided by the ABG Strategic Development Plan (which was endorsed by Cabinet earlier this year) and key requirements under the Bougainville Peace Agreement.

Referendum Preparation

Over the past three months significant progress has been made in preparing for the upcoming referendum. Outcomes and achievement include:

- Obtaining agreement on the question to be put at the referendum;
- Continued work around referendum awareness, in partnership with the United Nations and the Bougainville Referendum Commission (BRC);

- Consideration and scoping of a regional security mission to support the referendum;
- Work to consider the post referendum transition period, including support for political dialogue and the establishment of a Joint Ministerial Post-Referendum Transitional Taskforce;
- Agreement on referendum funding, including funds to the Bougainville Referendum Commission; and
- Establishment of a fully constituted BRC, including appointment of ABG and National Government representatives and an independent Chair, the Hon. Bertie Ahern, former Prime Minister of Ireland.

Priorities over the coming months will focus on support to the BRC which will include finalisation of the referendum roll, ensuring the availability of funds, enhanced awareness and continued engagement between the two governments on the post referendum transition period.

Peace and Stability

Peace and stability is the corner-stone of the Bougainville Peace Agreement. The ABG Public Service, under the leadership of the Department of Peace Agreement Implementation has continued to lead this work, which has included:

- Continued work to progress weapons disposal, including engagement with international partners on removal of remnants from the Second World War;
- Establishment of the Joint Weapons Disposal Secretariat; and
- Continued reconciliation activities; including work to progress national and international Reconciliation.

Public Sector Reform

Public sector reform remains a key priority. During the reporting period the Senior Management Committee has continued to meet on a weekly basis to align departmental activities with core government priorities. This work has included:

- A Policy and Planning Workshop attended by all Departmental Heads to formalise more structured monitoring and reporting arrangements;
- Review of Departmental structures with recommendations for changes to enable more streamlined and practical policy development and service delivery;

- Induction training for new recruits;
- Scoping of a new Future Leaders Training Program targeted at mid-level managers and officers with identified potential;
- Review of budget processes to enhance evidenced based funding arrangements, both within the ABG and with the National Government and Partners, aligned specifically to the ABG Strategic Development Plan;
- Finalisation of a new draft Public Service Act which seeks to simplify processes, enhance accountability and empower public sector leaders; and
- Continued engagement with National Government counterparts on drawdown of powers.

Good Governance

The public service has continued to focus on good governance, recognising the clear provisions of the Bougainville Peace Agreement. There is also a recognition that good governance plays a critical role in providing assurance to potential investors, partners and the National Government with respect to the capacity of the ABG to manage its own affairs. Specific activities to enhance governance have included:

- Finalisation of the Experts Reports to guide the Second Joint Review of Autonomy Arrangements. This involved extensive consultation and engagement with political and senior public service leaders;
- Enhanced accountability procedures, including disciplinary action (see below) against senior leaders and officers who have engaged in corruption or illegal practices;
- Reform of the Senior Management Committee, under the leadership of Deputy Secretary Raivet, to ensure reporting and alignment of key government priorities;
- Formal establishment of a Strategic Planning and Policy Unit within the Department of the President and the BEC to lead future work related to policy and planning; and
- Continued implementation of the Bougainville Strategic Development Plan.

Economic Development

A key priority of the Public Service remains enhancing economic development, recognising that a strong economy is needed if Bougainville is to develop and grow. This requires providing a strong enabling framework, assurances to investors with respect to risk and a robust regulatory environment. At the same time, economic development is critical to revenue generation and the ABG's

desire to achieve fiscal self-reliance. In that context, a key focus has been on taxation reform and compliance. Specific initiatives have included:

- A comprehensive review of the ABG taxation regime, including the formulation of recommendations for tax reform and activities to enhance compliance;
- Continued focus on economic development, including inward investment, mining and agricultural development;
- A Review of Government owned businesses enterprises, including assessment of governance structures, profitability and recommendations for future reform;
- Engagement with the national government on the establishment of a joint fisheries working group, as agreed by the Joint Supervisory Body, to ensure that Bougainville is able to access constitutionally guaranteed fisheries revenues. Future work must include delineation of Bougainville waters;
- A pre-feasibility study to examine both hydro and solar power options for Central and South Bougainville;
- Continued engagement with PNG Power on enhancing existing connectivity for rural communities; and
- The third annual Bougainville Chocolate Festival to showcase the Bougainville cocoa sector.

Combatting Corruption

Corruption remains a critical issue for the ABG Public Service. As Chief Secretary I have endeavored to identify and address corrupt activities. As a consequence of this, to date two departmental heads have been removed from office, a further three remain under investigation and numerous other officers have been disciplined or dismissed in accordance with the Public Service Act. Despite these efforts, there continue to be cases of fraud and misappropriation that require investigation. To address these issues:

- A comprehensive payroll audit was conducted that revealed systemic fraud, and a number of ABG public servants were shown to have engaged in theft of public monies. Disciplinary action against these officers is concluding, with referral to the fraud squad to take place;
- An investigation into a fraud related to funds allocated for the repayment of historical disaster related debts has now been completed. A number of senior and junior officers have been implicated in this fraud, with the Secretary for Community Government removed from office. Further investigations are required with respect to alleged involvement of political

leaders, and these matters have been referred to the Ombudsman Commission;

- A full financial audit of ABG accounts has shown a number of discrepancies and examples where legal requirements have not been met. Further work is being undertaken by the internal auditor to determine what future action may be required; and
- Continued engagement with the Ombudsman Commission has been taking place regarding allegations and awareness raising to enhance accountability and good governance.

Engagement

The ABG Public Service must work with key partners to progress service delivery and reform. This includes working with national government counterparts, international development partners and the business community. Recent activities include:

- A meeting of the Joint Supervisory Body in June, and a follow up Special Meeting of the Joint Supervisory Body in October. Critical issues around Bougainville Peace Agreement Implementation were discussed, including the referendum (see above), funding arrangements (see comments later under challenges) and reform. The next meeting of the Joint Supervisory Body is scheduled to take place in early 2019;
- Strengthened ABG and National Government Engagement which has included liaison with the National Office for the Coordination of Bougainville Affairs and regular meetings between the two Chief Secretaries;
- Continued engagement with our key development partners, including the United Nations;
- Enhanced political dialogue between ABG and the National Government leaders, including meetings between the Prime Minister and the President and key Ministers from both Governments;
- Dialogue on high impact projects, including roads, schools, training facilities, correctional services and border protection infrastructure;
- Engagement with the National Identity Card Registry to establish a permanent office in the Region;
- Work to enhance gender empowerment and social inclusion;
- Engagement with the Speaker of the House of Representatives to enhance linkages between the Parliament and the Public Service;
- A meeting of the PNG Immigration and Citizenship Service Advisory Board in Buka where critical matters related to immigration and border protection issues relevant to the AROB were discussed;

- Engagement with UN Women on support to establish a modern and best practice market in Buin, South Bougainville; and
- The 2018 Annual Provincial and District Finance Managers Conference was held in Buin in October 2018, seeing some 300 delegates visit the Region.

District Support

District Officers perform an important role in providing services to the people. The fact is, that whilst the ABG has an extensive network of District Offices, they perform poorly. To address this:

- The Departments of Community Government and Community Development, in close consultation with our partners, continue to consider mechanisms to empower District Officials to support grass roots service delivery;
- Over the coming six months, SMC will convene once in each Region – South Bougainville in November 2018, Central Bougainville in February 2019 and North Bougainville in May 2019. A key part of this initiative will be for departmental heads to undertake outreach work to District offices to enhance awareness of Government policies and priorities; and
- Urban plans have now been finalised for Arawa and Buin Towns which provide a foundation on which to build stronger communities and enhance town facilities.

Challenges

Despite these activities, the Autonomous Bougainville Government Public Service continues to face a number of structural challenges that are impacting on the development of effective policy and service delivery. The public service structure is not sufficiently fit for purpose, with a large number of departments with limited staff inhibiting efficiency and practical outcomes. This is compounded by a continued disconnect between the Executive and the Senior Leadership Team, which at times leads to criticisms and claims that public servants are simply not performing.

As Chief Secretary, my role is to bring structure to government service delivery and policy development, through the development of an outcomes focused framework aligned to the ABG Strategic Development Plan and through the formulation of practical strategic policy initiatives to guide public service activities and to enhance development and growth within the Region.

This task has not been easy, and whilst I have been Chief Secretary now for more than two years, the successes have been limited and the challenges significant. This is why I have been working to instill a culture of performance and reporting to provide accountability to government. At the same time, my continued focus has been on enhancing transparency and eliminating poor and at times illegal practices, to enhance governance providing the foundation of long term economic growth, investment and prosperity.

In reviewing performance of the public service, it is easy to target public servants for failing to step up and deliver on the Government's expectations. There is some truth in such an assertion. Whilst we have many good, and high performing public servants, there are many that consistently fail to turn up to work and perform the duties expected of them. Many steal from the government, and by extension the people of Bougainville, and others act outside of the law in progressing their own interests – again, to the detriment of the very people that they are paid to serve.

This environment of dysfunction is compounded by broader inter-government and cross government issues. To sustain an effective public service there is a need for strategic and targeted funding. Budget planning must be evidenced based, guided by the broad strategic priorities of government. We must have effective and robust systems. And we must have strong engagement and relationships with our National Government counterparts, development partners and those that seek to invest in our economy.

But, the fact is that the challenging economic climate within PNG more broadly, coupled with an inability to engage on matters of significant importance, has meant that the Bougainville Public Service has been chronically underfunded. Whilst it is true that public service salaries are met by the national government, the business of delivering services, rehabilitating infrastructure and investing in new initiatives to stimulate growth in the economy requires additional funding. It is a statement of fact that the constitutionally guaranteed Restoration and Development Grant has been consistently underfunded by the National Government over many years, and the high impact Special Intervention Fund of K500 million maintains a shortfall of funding exceeding K100 million. These are funds that are urgently required to stimulate development to enhance service delivery and to restore the Bougainville economy.

At the same time, there is a need for continued investment in public servants. Many of our public servants have had little training. Organisational Capacity Assessments conducted in 2017 demonstrated the stark challenges that our

Departments face, with all lacking the basic systems, skills and processes required to effectively deliver good governance.

It is in that context that I am working with the Senior Management Committee, the Bougainville Executive Council and our development partners to address these many and varied constraints. The fact is, there is no quick fix – there is no easy solution. The task before us requires that the Executive and the Public Service work together to achieve the Government's goals, and that engagement with the National Government be strengthened, to maintain accountability against constitutional requirements and to enable effective partnerships to enhance development. With the Referendum on Bougainville's long-term political future fast approaching, there has never been a more critical time to get these core fundamentals right. The public service must be more structured, there is a need for whole-of-government coordination and consultation and matters that are considered by the Executive must be informed by facts, including analysis of impact, cost and achievability. Together with the Senior Management Team, guided by my two Deputy Chief Secretaries, Colonel (ret) Thomas Raivet and Mr Peter Nomoreke, this remains my priority. The coming six months will be critical as we continue on our path to restoration and development, with the National Government Budget providing an important indicator of funding to support the ABG in the 2019 fiscal year, when it is handed down later this month.

In the interim, as Chief Secretary I will continue to progress important initiatives. I will continue to hold our public service senior leaders to account and do my best to advance the interests of Bougainville. Our people expect and deserve more, and it is imperative that the public service step up and deliver on these very clear expectations.



Joseph Nobetau
Chief Secretary to the
Autonomous Bougainville Government