



**DEPARTMENT OF PRESIDENT & BOUGAINVILLE EXECUTIVE COUNCIL**  
**OFFICE OF CHIEF SECRETARY**

---

**Report on Activities – January to July 2018**

Recognising the humble position I hold as Chief Secretary to the Autonomous Bougainville Government (ABG) and my obligation to ensure that members of the public remain abreast of important reforms, I submit this report which outlines key activities and progress of the ABG Public Service during the first six months of 2018.

As a young and maturing public service, the ABG has come a long way since the early days of Autonomous Government. We have developed structures, we have implemented processes and we have drawn down powers from the National Government. We have supported our key public sector and constitutional institutions and we have continued to advance the interests of the Autonomous Bougainville Government and the people of Bougainville by ensuring that the Bougainville Peace Agreement is implemented to the letter of the law.

But the fact is that our journey has not been as smooth as many of us would have liked. For years we have faced a stagnating economy, insufficient capacity to deliver essential services and an inability to engage the National Government on critical issues around reform. Our public servants, senior and junior alike, have consistently failed to meet the expectations and demands of Government. We have faced high levels of institutional corruption and fraud, and many have actively sought to undermine efforts to implement good governance, public sector reform and sustainable peace. Our capacity to fund services has been restrained by economic challenges, not just in Bougainville, but throughout PNG and the world. And our desire to ensure we deliver on the expectations of the people has been hampered by poor capacity, poor public sector leadership and in some cases, simply an unwillingness to do more.

Yet, as I hope this report will show, as Chief Secretary I have tried to address many of these issues. I have always maintained that my highest priority has been to reform the public service. This is the mandate given to me by the President. In doing so I have

had to make hard decisions. I have had to stand up to poor practices. I have been required to discipline senior public service leaders and I have actively sought to prevent unlawful processes from taking place. This has led to criticisms by some, and whilst my success has been hampered in some regards by the challenges that I have faced, there is much to be optimistic about.

We are making slow, but measured progress in implementing much needed reform. We have a strong and effective legal framework within which to work. We have finalised our long overdue Strategic Development Plan and we have advanced recruitment of critical positions to support growth and regeneration of our key public service agencies. We may not have progressed as quickly as I or others would have liked, and in some instances, I have faced significant resistance, but I believe that we are now on the right course and that the future for Bougainville is bright.

### **We are progressing public sector reform...**

A key measure of success is public sector reform. As Chief Secretary, I have invested considerable time and energy into reviewing our public service systems and processes. The fact is, that as a small autonomous region, we face significant challenges in addressing whole-of-government reform. In reality, many of our key departments continue to operate in silos without connection to the rest of the public service. It is in that context that I have proposed to the President that consideration be given to “right sizing” the public service. By this I do not mean to suggest large scale reductions in staff or the removal of critical functions, but rather, re-balancing the public service to ensure that we have the right resources, in the right place at the right time. And this may mean a need to consolidate and rationalise some public service departments or agencies, but it does not mean a reduction in services, but rather is about a more strategic approach in how we deliver those services to the people. The fact is, if Bougainville is to achieve full political self-determination, in whatever future form that may take, we must first ensure that we live within our means. We must prioritise those services that our people most need, and we must ensure that we waste not one single toea as we go about the important process of delivering essential services. We are the custodians of precious resources, and we must always be accountable for how we utilize those resources and engage in expenditure.

At a practical level I have worked hard over the last six months to re-focus the public service leadership team. I have ensured that the Senior Management Committee has met weekly and that meetings have been targeted and focussed on strategic issues. I have continued to push for more effective whole-of-government reporting, and through the recruitment of two new Deputy Chief Secretaries, now have greater capacity to ensure that our key departments remain accountable and supported. Through the work of the ABG Payroll audit (see additional information below) we have facilitated the secondment of national government public servants to assist in critical areas of payroll, human resource management and audit support. We have progressed recruitment of middle management positions, with roles in key central agencies now

filled. At the same time, we continue to progress mentoring and support, both internally through support and advice to our young and emerging leaders, but also through more structured partnership-based mechanisms such as the forthcoming Bougainville Future Leaders Development Project, an initiative of the Australian and New Zealand funded Bougainville Partnership.

Through each of these initiatives we are making headway in progressing reform, but we must continue to ensure that we remain strategic in our approach and our outlook. We must ensure that we do not lose sight of our end goal which must be to ensure a modern and responsive public service that meets the needs of all Bougainvilleans, not just a select few.

### **We are developing a forward looking and strategic ABG...**

A forward looking and strategic ABG public service is essential if we are to achieve our goals. As I noted in my introductory comments, we face a number of challenges and constraints, and unless we work in a strategic manner our capacity to address change will always be hindered.

In February of this year the Bougainville Executive Council approved the ABG Strategic Development Plan, 2018-2022, which for the first time seeks to balance the needs of the people against the resources of government. In doing so it seeks to ensure strategic service delivery, economic and infrastructure development and public sector and governance reform. The plan includes an implementation framework where key measures have been assigned priority ratings and a results framework to help us assess progress.

Aligned with this work I am actively seeking to re-build the ABG's strategic planning capacity, following a period of significant instability. In this regard, Colonel (ret) Thomas Raivet has been appointed Deputy Chief Secretary for Strategic Planning and Policy and is playing a lead role in supporting a new team to develop systems and processes to effectively measure progress. This new team will play an important role in providing strategic policy advice to government on a range of issues, supporting Departments and enabling whole-of-government service delivery, implementation and reform. With this revised policy framework and enhanced capacity, we have an opportunity to make significant headway in the days and months ahead.

### **We continue to support and enhance our public sector and constitutional institutions...**

My Department continues to provide active support to the President, his Chief of Staff and his office. A key priority over the last six months has been to ensure that the President remains briefed on key matters related to the public service and that in turn the public service continues to meet his needs and expectations.

This work includes providing support to the Bougainville Executive Council (BEC) and my office has been working actively with the BEC Secretariat to ensure more efficient and effective management of BEC meetings. The fact is that in the past the BEC have been expected (unreasonably) to consider policy submissions and information papers without adequate advance notice and consultation. This goes against principles of best practice Cabinet Government and it is essential that all matters that go before BEC are informed by key areas of the public service. Without such coordination and consultation, Ministers cannot and should not be expected to deliberate on matters. I therefore continue to promote the BEC guidelines and best practice to ensure that executive government is able to operate optimally, representing the interests of the people.

I have also been actively working with the Clerk and Speaker of Parliament to ensure that there is greater alignment between the work of the public service and the work of the House of Representatives. Here, I am actively working with the speaker to consider options for enhancing both inter and intra parliament communication, to enable the Bougainville Parliament to better engage with the national parliament and to enhance internal communication and processes.

**We are upholding the BPA by progressing peace related and weapons disposal initiatives, measuring compliance with good governance and holding regular JSBs...**

Fundamentally, and at its core, the ABG public service is responsible for ensuring the implementation of the Bougainville Peace Agreement (BPA). This means ensuring that all aspects of the Agreement are addressed, and that the ABG and the National Government adhere to agreed timelines and outcomes.

It is here that the Joint Supervisory Body (JSB) is so important, supported by the work of officials comprising the Joint Technical Team (JTT). Since I assumed the role of Chief Secretary I have been pleased to see the sequencing of JSBs restored to six monthly intervals, and in June, for the first time in many years, a JSB was held on Bougainville Soil in Arawa.

Through this process a key priority during the first half of this year has been building on the strong foundations of national government engagement that were laid in 2017. The ABG public service now has a strong relationship with its national government counterpart and through this, gains are being made. But, it is clear that this level of engagement must also be replicated at the political level, a fact recognised by the President and the BEC. In that context, the President has directed that Ministers play a more significant role in the negotiation and consultation process leading up to JSBs taking place. This in turn will ensure greater political buy in and more informed decisions when JSB convenes.

A key part of the BPA are the administration and governance provisions that require the ABG to demonstrate over time that it continues to conduct itself in accordance with internationally accepted principles of good governance. The BPA prescribes that this be measured through periodical Joint Autonomy Reviews, guided by the work of experts who can inform and recommend enhancements to the ABG. During the last six months we have laid the foundations for the next review which has now commenced and is due to report by the end of October this year. This is important as the BPA prescribes that these Reviews take place before a final date for the referendum can be set.

Of course, the BPA also requires that work be progressed to maintain and sustain peace and stability in the longer term. The fact is, if we are to avoid future conflict we must learn from the lessons of the past.

In that context, the ABG has partnered with Conciliation Resources, a UK based independent international organisation that works with people in conflict to prevent violence, resolve conflicts and promote peaceful societies. Through this work the ABG has participated in a range of activities, including two comparative learning visits by Dr Luka Kuol, a former high ranking South Sudanese official who was able to share lessons learnt from the South Sudan conflict, both before and after the South Sudan independence referendum took place. These types of learning studies are of significant value to Bougainville and allow our people and senior leaders to gain insight into how others have dealt with and managed post conflict situations. We will continue to work with Conciliation Resources and our other partners for peace in the future to build on this excellent work.

The foundations of the BPA include important commitments around funding where the national government provide funding assistance for the purpose of restoring development and services to pre-crisis levels. The provisions also include tax sharing arrangements and an agreement for the sharing of fisheries revenues for those fish caught within Bougainville waters.

The stark reality, which I noted in my introductory remarks, is that economic conditions have severely constrained the ability of the national government to meet funding obligations. This is compounded by continued dispute on the formula to be used to calculate the restoration and development grant, which together have led to the accumulation of significant arrears. For the public service's part, we have been working actively to support the Minister for Treasury and Finance to progress the ABG's very strong views through both JSB and through ABG-National Government engagement. Despite this, significant funding gaps remain. We must therefore continue to think creatively about how we can leverage the advantages of the revenue raising provisions of the BPA, enabling the ABG to achieve fiscal self-reliance in the longer term.

A key part of this is enlivening the fisheries provisions of the BPA. By conservative estimates, the ABG could be receiving as much as a K300 million share of fisheries revenue from fish caught in Bougainville waters. But this work has been constrained, through limited historical engagement with the National Fisheries Authority and key national government agencies. During the last six months addressing this issue has been a key priority for me, with the signing of an MoU in the earlier part of this year on developing the fisheries sector in Bougainville and enlivening revenue sharing provisions. I will personally be co-chairing a working group with my national government counterpart to progress this matter, and it is my sincere hope, that in the months ahead, we will once and for all reach an agreement on what is rightfully owed to the ABG, enabling a significant increase in financial resources.

Implementing the BPA means ensuring that key commitments are met. This includes the commitment for a referendum on Bougainville's long-term political future. In that regard, as both Chief Secretary and a Transitional Commissioner of the Bougainville Referendum Commission, I have been actively working to ensure that practical arrangements for the referendum are put in place. This has included working with our Development Partners to ensure that technical support is provided to enable active work to scope and determine the referendum question and finalization of the criteria to enable voting. I have also advocated strongly for government funding and support, and just last week the formal trust instrument to establish the BRC Trust Account was signed. We continue to work to build awareness mechanisms within the public service so that our people can be informed, and we are making continued progress to address issues around peace building and weapons disposal through the establishment of a weapons disposal secretariat, engagement with partners around the removal of second world war remnants, and continued dialogue with ex-combatants and community groups to enable a safe and weapons free environment ahead of the referendum. And our work does not just extend to the referendum only. The public service is actively supporting Government to scope and consider the post referendum transition period, through the establishment of a Post Referendum Planning Taskforce, headed by the National Minister Assisting the Prime Minister on Bougainville and the ABG Minister for Peace Agreement Implementation and guided by a group of eminent persons to ensure that the vote is respected, and that meaningful dialogue, consultation and ratification takes place once the referendum is held. All of this work is being supported by our key international development partners and the United Nations, with institutions such as the National Research Institute contributing to research and academic discourse to support and guide the broader peace process.

### **We are building National Government dialogue and enhancing collaboration...**

Here, maintaining a strong and effective national government dialogue is essential. The BPA is a joint creation that requires partnership. It is the means by which long term peace will be achieved and it requires that lines of communications remain open where respectful engagement can take place. As Chief Secretary I have continued to

engage with national government colleagues around a range of issues to support the ABGs interests. I have actively chaired meetings of the Joint Technical Team, participated in meetings of the Bougainville Referendum Commission Transitional Committee and have engaged with critical national government agencies in relation to enhancing economic development, providing greater levels of border control, enlivening the international engagement provisions of the BPA and securing much needed funding support to allow the business of Government to continue.

At the same time, I have been working actively with the Civil Registry to progress discussions to enable the issuance of National Identity Cards to Bougainvilleans in Bougainville, with land already secured in South Bougainville and discussions on construction and regional service delivery now taking place. We have finalised the text of an MoU with the PNG Immigration and Citizenship Service and in the coming weeks, a national delegation will travel to South Bougainville to examine ways to enhance border protection.

During the reporting period I have also worked hard to facilitate political engagement to enhance communication between the ABG and the National Government, which included an important meeting between the Prime Minister and the President in April of this year, the JSB in Arawa in June and continued dialogue with officials and Ministers in July and August. All of this is laying the foundations for enhanced collaboration and dialogue as we enter the home straight and commence practical arrangements for the referendum. I would also note during the last six months that the ABG has hosted visits by the Bank of PNG, PNG Power and a range of other national government agencies and institutions, all of which have sought to advance the interests of the ABG.

### **We are strengthening and enhancing our development partnerships...**

As a small autonomous region operating in a challenging post conflict environment we remain dependent on development partner relationships. We work closely with regional partners such as Australia and New Zealand, partner in the provision of electoral support with the International Foundation for Electoral Systems (IFES) and continue to receive valuable support from the UN through the Peace Building Fund and other UN agency initiatives. Countless other NGOs, churches and voluntary organisations continue to provide assistance, without which, many social services would simply not be delivered. I take this opportunity to convey my sincere thanks for the continued work and support of all our partners, both big and small.

At a practical level I continue to engage our development partners to ensure that support continues to align with our needs, particularly the ABG Strategic Development Plan. Work on formalizing the ABG Development Partner Coordination Desk has continued, and we expect to establish the long-awaited Development Partner Coordination Database by the end of this year.

We continue to work with partners on practical initiatives which have included support in the areas of peace building, governance, economic development, law and justice, health, education and social services. Work has taken place to examine options to develop sustainable and environmentally friendly power solutions for Central and South Bougainville, and we are currently working with UN Women through their Safe Cities and Prosperous Districts Program to explore best practice options for establishing a permanent market in Buin. In short, much work continues to take place bringing real and tangible benefits to the people of Bougainville.

**We are promoting accountability and holding those that break the law to account....**

As Chief Secretary and Head of the Bougainville Public Service I am committed to the principles of the rule of law and accountability. I believe that all public servants must conduct themselves in a professional manner, putting the interests of Bougainville ahead of their own.

But the reality is that many do not. It is with sadness that during the course of the last six months that I have acted to dismiss a number of officers who have engaged in serious misconduct. I have petitioned four more Department Heads for allegations of misconduct, matters that are subject to Boards of Inquiry established under the Bougainville Senior Appointments Act.

At the same time, I have directed that our internal auditors actively review all government expenditure. This has revealed some concerning results, with the misappropriation of some K2.7 million in funds allocated to the Disaster Management Account, abuse of funds allocated to major events and just recently, unauthorized negotiations to secure money for alleged “peace related debts” that have neither been verified nor validated within Government. There have been examples of officials taking out unlawful loans under the ABGs name, entering into contracts in contravention of the law and taking funds that are not rightfully theirs. All of this reflects badly on the Bougainville Public Service, and Bougainville more broadly, not just here at home, but also abroad. Simply put it must stop. I am committed to ensuring that the fraud squad investigates these matters and that where criminality is found, that individuals be held to account. Nobody is above the law. Nobody has the right to take what is not rightfully theirs. And nobody has to right to steal from law abiding and needy Bougainvilleans. To do so brings shame to the person, to their family and Bougainville as whole.

As Chief Secretary I am bound by the Organic Law on Leadership. I am obligated to report breaches if I think they have occurred. In that context, I continue to liaise with the Ombudsman Commission to ensure visibility of ABG public administration. It is true that I have referred certain matters for review, as have our internal auditors. This is both appropriate and necessary. It is what the law requires.



But working with the Ombudsman Commission is not only about holding individuals and organisations to account. It is also about collaboration and learning lessons so that we do not repeat the same mistakes again. I am thankful for the continued support that we receive from the Ombudsman Commission Office in Buka, and as requested by the President, I will continue to refer matters of concern if or when they come to my attention.

### **We are exposing fraud and implementing actions to safe guard against systemic theft...**

As many people will be aware, one of the most significant issues the public service has faced has been the discovery of mass payroll fraud. As Chief Secretary, I regarded this matter so seriously as to seek outside support. As a result, an audit was conducted by officers from the National Departments of Personnel Management and Finance. It revealed our worst fears.

The audit found that public servants had been stealing over many years. Some had paid themselves allowances they were not entitled to, whereas others were paid salaries well in excess of their classification level. As the Minister for the Public Service noted in his media releases and his address to parliament, this is nothing short of theft.

Those responsible for this fraud must be held to account. As Chief Secretary in partnership with the National Government and our development partners, I have secured funding to enable important secondments to the ABG public service so that remedial actions can be taken, and systems and processes put in place, to ensure that this type of fraud never happens again. This work is progressing well, and I expect that over time both disciplinary and criminal charges will be instituted.

At a proactive level, we are implementing important reforms. Already work has begun on identifying “ghosts” in the payroll, which will be undertaken in concert with a process to cleanse the payroll of those individuals who have absconded and no longer come to work. This work will result in real savings to Government, with unspent salary funds to be returned to the ABG as part of the unconditional recurrent grant. In turn these funds will be allocated to progressing important further reforms and critical social services.

### **We continue to progress initiatives to enhance Economic Development...**

In economic terms, the public service continues to address structural economic issues to stimulate trade and investment. We are working with business associations and the private sector to enhance growth and eliminate sovereign risk. At the same time, through the Commodity Support Facility and other donor supported initiatives we continue to provide grass roots support to our farmers and their families. This is having a real impact and generating real benefits to everyday Bougainvilleans.

We have also undertaken a recent and thorough review of all government owned business enterprises. The findings give cause for alarm. The fact is that the ABG has invested significant funds into unproductive businesses that have consistently failed to meet the most basic tests of good governance. This has to change, and over the coming months I will be progressing important reforms to bring accountability to these organisations. Simply put, if an asset is unproductive it must be reformed or abandoned. There is no point in throwing good money after bad, and those that have sought to take advantage of the ABG in accessing funds must be forced to return them.

At the District level we have continued to progress essential urban planning, in North, Central and South Bougainville. We have finalised urban plans for Arawa and Buin towns, and undertaken important aerial survey work across Bougainville. This is providing the basis for best practice town planning, the development of new infrastructure and services and enabling growth. This work will continue over the remainder of the year, with plans afoot to develop new health, education and social infrastructure in areas where it is most needed.

With revenue, I continue to express concerns about the ABGs capacity to raise funds to enable long term fiscal self-reliance. Whilst our tax remittances from the national government are stable, our internal revenue is poor. We have taxpayers who refuse to pay tax, many who are prominent business houses, and as a consequence the people of Bougainville are being robbed of scarce financial resources. The public service is supporting the Minister for Finance to reform our tax regime, enhance compliance and enable better collection methods. If we are to achieve true autonomous government, we must put in place the regulatory and compliance mechanisms to allow this to take place. We have also established the Revenue Action Group which continues to look at means for enhancing our revenue base, and the Government's Economic Development Strategy is being progressed.

### **We are harnessing the benefits of strong media engagement and enhancing communications capacity throughout the AROB...**

As a social actor, the media plays a critical role in informing the public of news and important events. It is the means by which the vast majority of our citizens receive news of their ABG. But the fact is that our capacity to reach people in remote areas is constrained. This is something that the public service continues to address. With our partners, we are actively examining and scoping how we can enhance radio coverage, and through the Bougainville Bulletin, we are providing regular updates and news related to the ABG.

At the same time we are harnessing social media. The ABGs web page is actively accessed by people, and through facebook and twitter we are getting the message out about what your public service is doing for you. But social media must be used responsibly, and it is a fact that many public servants breach their roles and responsibilities by engaging in public debate on matters of confidentiality. We have

addressed this through training and enhanced direction, but to be clear, public servants that abuse this medium and breach the trust of Government will face consequences.

**We are building and enhancing social services, working with partners to build stronger communities and enhancing access to health facilities...**

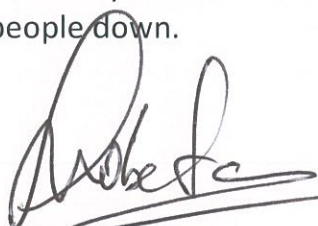
Social service provision is the basis through which essential services are provided. Whether it be schools, health facilities, access to sport, youth services and support for people with disabilities, local services are the means by which we support those most in need.

In the last six months we have seen the construction of new schools, health centres, youth facilities and the opening of the rehabilitated Arawa Hospital. We are working in partnership with Youth With A Mission (YWAM) to deliver essential health services to those in the most remote parts of Bougainville, including our far away atolls. These are real examples of practical measures that the ABG public service continues to pursue in the interests of helping our people.

**We face many challenges as we continue our Journey, but we must not lose heart**

Despite our many successes and the momentum we have for reform and change, the fact remains that we will continue to face challenges. I have now been Chief Secretary for almost two years. While I am proud of many of the things we have achieved, I am disappointed that in many cases your public service has failed to respond. We must address these challenges, and this means putting in place the framework that allows Government to better respond. We must invest in services, harness our resources and ensure that we develop a public service that not only meets pre-crisis levels, but exceeds them. We must rise up and face those that seek to undermine us, and we must progress essential reform. We must uphold the highest levels of good governance and we must hold those that steal to account, regardless of who they are or how important they may be. Most importantly, as a public service we must never lose sight of the fact that our constitutional mandate is to serve the Government and the people. This means safeguarding precious resources and doing the best by Bougainville.

This is my commitment as the head of the Bougainville Public Service. I will not let our people down.



**Joseph Nobetau**  
Chief Secretary, ABG