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**An anti-corruption strategy
for provincial government
in Papua New Guinea**

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Abbreviations

AusAID	Australian Agency for International Development
ICAC	Independent Commission Against Corruption
NCDS	National Centre for Development Studies
NGO	non-government organisation
NSW	New South Wales
PNG	Papua New Guinea
UK	United Kingdom

A corruption prevention strategy for Papua New Guinea: education and training at the provincial government level

This paper examines the causes and characteristics of corruption at the provincial government level in Papua New Guinea. The aim is to develop a holistic education and training approach towards preventing corruption. This approach will incorporate aspects of the ethical framework proposed by the Independent Commission Against Corruption in New South Wales which are relevant to provincial government in Papua New Guinea (PNG). The study of corruption at the provincial government level includes local governments operating at the district level. Both political and administrative corruption are addressed at the provincial level.

Corruption in Papua New Guinea

When discussing corruption, the average Papua New Guinean thinks of politicians stealing or diverting public funds into private accounts, overseas junkets, and the purchase of private housing with public funds. These views are widely shared because society is aware of the financial power accorded to the members of parliament through the Electoral Development Fund. While grant corruption at the political level receives a lot of media attention, forms of petty corruption appear to go unnoticed.

Petty corruption is rife throughout all facets of public life and refers to administrative corruption within government departmental offices and their provincial outposts. Petty corruption involves bribery, tax evasion, fraud and forgery, and includes the use of public facilities for private business by *wantoks* or friends in Tok Pisin. Petty corruption is now more common than in previous years, having spread throughout the bureaucratic machinery.

There is a general feeling among civil servants that if the ‘big shot’ politicians can get away with the misuse of public funds and abuse of power, then honesty and accountability is not required in subordinates. Given the low pay many civil servants receive, it is not surprising that opportunities for using public office to supplement their meagre incomes are exploited. Widespread complacency towards petty corruption by leaders and the public further compounds the problem as does recruitment based on who one knows rather than merit.

Causes of corruption

The causes of corruption in Papua New Guinea are diverse. Grant corruption at the political level is related to greed for power and money while petty corruption arises from cultural as well as economic factors. In both forms, there is a lack of commitment to

values of ethical conduct fostered through in-house training, education and awareness.

Corruption can grow unchecked because low literacy rates in Papua New Guinea inhibit public awareness and scrutiny of the acts of public officials. The anti-corruption literature released by external organisations such as Transparency International, Independent Commission Against Corruption (PNG) and formal institutions such as the Ombudsman Commission is not well understood except by a literate few. Formal and informal instruments of preventing corruption have not reached down to the provincial, district or rural levels.

The provincial government system

Papua New Guinea is made up of 19 provincial governments and a national capital district where the capital city is located. The legislature consists of 89 single-member open electorates and 20 provincial electorates. The country has a unitary system of government and a single house of parliament. All provincial governments were created by the Constitutional Planning Committee in 1975 to devolve power from the centre to the community level where many villagers share a similar culture. The powers and functions of provinces are enshrined in the Organic Law on Provincial and Local Level Governments.

Both political power and administrative authority was given to the provincial governments. Amendments were made in 1995 to the Organic Law in which political power at the provincial level was further devolved to the local level giving greater powers to elected parliamentarians and the district local government councils. As a result of provincial government reform, the 19 provincial assemblies were abolished along with the premiers and constituent provincial members of parliament.

Political corruption at the provincial government level

There is substantial evidence of grant corruption at the provincial level both prior to and after the reform involving grant misuse, theft of public funds and abuse of power by political leaders. This form of corruption often involves politicians conspiring with key people in accounts management and with executives of departmental divisions in the provinces.

The case of the Enga Provincial Government illustrates the misuse of public funds by political leaders at the provincial level. Prior to the provincial government reform in 1995, the Enga Provincial Government was suspended along with 7 other provincial governments in 1984. The Premier, Mr Tindiwi stole several hundred thousand kina for his own private use as free handouts for functions, bride price payments and compensation for tribal fights. Investigations carried out by the Auditor General's Office were sparked by allegations raised by the opposition in the provincial assembly.

The internal provincial auditor was also implicated because he took no steps to expose the theft when he learnt that funds were missing. It was his duty to investigate but he did

not perform his task, leading to speculation that he may have been bribed by Mr Tindiwi. For this offence, the premier was jailed for a term of two years. When he was released he ran again for office in the 1987 provincial government elections and won the premiership back. Many voters supported his campaign because of the free handouts they received from the premier, funds which were intended for development projects.

The Morobe, Simbu and Central Provincial Governments along with 4 others were each suspended for a year or two due to similar behaviour on the part of their premiers and constituent members. Corrupt practices and the expense involved in running another substructure of the national government prompted moves to abolish the provincial assembly in 1995.

Provincial government reform

The reform of the provincial government system in 1995 had several aims

- to save the national government money
- to bring government services like health, education and policing closer to the village level by giving greater administrative powers to the district administration
- to strengthen the political power of the local government councils so that people at the village level could have a greater say in the state decision-making process
- to form an effective partnership in development with local churches, youth groups and other private organisations.

Political corruption after the reform

The abolition of the provincial assemblies meant greater political power and financial discretion for the elected officials in the national parliament. The regional member of the province, now called the 'governor', was also given greater powers. The provincial governor makes decisions on matters of provincial governance relating to big projects and developments in the area. The governor is the chairman of the Provincial Budget Priorities Committee which is composed of presidents from local government councils. This committee plans provincial projects and funds government departmental divisions in the province from annual budget allocations it receives from the national budget.

The parliamentarians in the electorate chair their district's Joint District Budget Priorities Committee which is made up of all councillors, the district administrator and a representative each from local non-government organisations (NGOs), particularly Christian churches, womens and youth groups. The Joint District Budget Priorities Committee decides how to plan and spend the district's share of the provincial budget. Ministers are also given discretion over the large Electoral Development Fund sometimes referred to as the rural development slush fund. Each minister of parliament is allocated K1 million to use at his/her discretion.

The reforms enabled corrupt practices such as financial mismanagement to develop. Financial mismanagement will have a serious long-term impact on the future development of provinces and districts. Grant corruption at the provincial level is manifested in tax evasion and bribery in the contracting out of resource developments.

In June 1997 the Sandaun Provincial Governor, Mr John Tekwe, and a select group of community leaders from the villages that own surrounding forests entered into a lucrative contract with a Malaysian logging company. Without consulting the PNG Forest Authority, Mr Tekwe used his political power to represent both local owners and the relevant provincial logging development authority. The same governor, after receiving bribes from the logging company, registered the company under the Investment Promotion Authority Act as a local company under the ownership of the local community. The logging firm was denied permission to operate in PNG so Mr Tekwe tried to make it appear as if the company was locally-owned. The vast majority of villagers who own the forest were unaware of what was happening.

In addition, proper taxation procedures for contracting arrangements had not been followed. If any tax was paid, only the governor's personal account would benefit. After a few months the scandal was uncovered by the PNG Forest Authority and the logging company, as well as Mr Tekwe and his associates, were sued. Apart from misusing royalties and accepting bribes, the governor was alleged to have misused some fifty to sixty thousand kina in grants from provincial government funds, prompting further investigations by the internal provincial auditors. In September 1997 Mr Tekwe was charged and faced trial.

At the district level the elected ministers of parliament appear to spend their Electoral Development Funds on those community groups where they won substantial votes, neglecting all others. There is no fair and equitable distribution of the Electoral Development Fund and vital services such as health, education and infrastructure projects are highly politicised distorting development in many districts.

Administrative corruption

Much of the petty corruption that occurs at the provincial and district administration level has a cultural base. The social bonds of tribal loyalty and kinship inherent in Melanesian culture have made their way into the management of public resources and other functions of the public administrative system. The *wantok* system is a classic example of this and involves doing favours for friends and mates who belong to the same family, tribe or region. The *wantok* system is detrimental to the efficient functioning of the public service machinery.

Government facilities such as telephones, fax machines and public vehicles are also used for private business by administrators and other civil servants at the provincial level. No one within the system seems to care about the abuse of these facilities because the practice has become so accepted. Managers down to lower ranking civil servants know

that these practices are corrupt and unethical, however a lack of re-enforcement of internal checks and balances has weakened the system. Thus corruption has become both systemic and systematic.

Given the low wage structure in the country, ordinary civil servants at the provincial centres and district stations look for every opportunity to supplement their low wages. The positions they hold in the public service can be used to extract bribes and other favours. After the reform, the provincial governments have been given the power to impose a minimum of 3 per cent tax on all goods and services produced and sold in the province. This incentive to raise extra revenue for the province has been abused by those who issue licences for business operations. Struggling rural businessmen are often taxed highly, while other forms of bribery from foreign developers and other large national firms are accepted in return for easy access to resources.

Both political and petty corruption at the administrative level have increased after the reform as more power and authority was vested in ministers of parliament and administrators. The number of competing interest groups at the community level have also increased due to the reform. Non-government organisations at the local level are represented at the different provincial meetings on financial allocation and project management, which has led to greater competition for government handouts, and increasing pressure for corrupt practices.

Preventing corruption at the provincial level

The internal checks and balances within administrative units of government departments in provincial towns and district or rural outpost stations have not been strengthened. They continue to be violated because the leaders of these organisations, from the management level down, are corrupt and there is a lack of public awareness about the situation. External instruments of preventing corruption introduced by organisations like ICAC (PNG), Transparency International and other national anti-corruption bodies are not localised, which means that their existence and objectives are not fully appreciated at the provincial and district levels. There is a need for training and general education to promote public awareness of corruption in the provinces of PNG. An anti-corruption body such as ICAC (NSW) needs to be state-funded and institutionalised in each province to foster and promote anti-corruption measures.

The Ombudsman Commission

The PNG Ombudsman Commission has a much wider role than most other Ombudsman Commissions. The commission enforces the Leadership Code enshrined in the PNG Constitution in addition to its traditional function of examining and taking remedial action against the unfair actions of government bodies. The commission works towards the prevention of bribery, abuse of power for personal gain, misappropriation of public funds and unethical conduct by leaders. All public servants and politicians, including those at the

provincial level, fall within the purview of the Ombudsman Commission. While it is quite effective in enforcing the Leadership Code for politicians, the misconduct of public servants at the provincial level escape attention because few complaints are made against officials at this level.

The Auditor General

The Auditor General's Office is responsible for ensuring that the management of public money is in accordance with the financial management regulations stated in the Public Finance (Management) Act which was revised in 1995. On a regular basis, financial inspectors from the Auditor General's Office are sent out to each province to ensure that provincial funds are managed appropriately. Despite having a centralised structure based around the national office in Port Moresby, investigations involving grant misuse or theft of public funds at the provincial level have met with success.

Each province has internal auditors within each departmental division headed by a provincial treasurer who are responsible for undertaking internal audits in preparation for visits by a team of financial investigators from the Auditor Generals' Office. Visits are carried out once or twice every year.

Systematic corruption continues in spite of checks and balances at the provincial level. The lack of adherence to values of good conduct and accountability by provincial leaders has impeded economic growth and the equitable distribution of public goods to all sectors of society. Complacency and ignorance about the abuse of power and authority by politicians and public servants is also widespread. Government agencies have suffered from a lack of direction, producing confused mission statements since the reform. The seven principles of public life proposed by the Nolan Committee Report (UK) in 1985 for good public sector management are relevant to provincial governance and administration in PNG. There is a great need to engender ethical values among employees of public organisations and agencies in the provinces to build a sense of concern and develop good moral conduct.

Corruption prevention strategies

An integrated approach to preventing corruption at the provincial level is proposed using education and training methods. The proposed strategy includes the creation of an Independent Commission Against Corruption, a PNG provincial version of ICAC in New South Wales, Australia. The PNG ICAC should be funded by the national government and must become institutionalised in every province.

A holistic approach using education and training incorporates an ethical framework into the existing public organisations in the provinces. This approach is divided into three areas: public awareness, in-house training for leaders, and special education and training

for civil servants.

Public awareness campaign

Target: General public

Purpose: To keep people alert and better informed of the dangers of corruption so that there is greater public scrutiny on those exercising power and authority at the local level.

When: Address crowds at big public gatherings such as market days, local shows and on Sundays. Also a weekly hour-long program broadcast over the local National Broadcasting Commission Radio Stations devoted to educating the public on the issues surrounding corruption.

Issues: Information about the Organic Law on Provincial and Local Level Governments reform; administrative reform; the difference between what is private and what is public; how to recognise corruption and try to prevent it; the basic rights and freedoms of the people enshrined in the National Constitution; the roles of the Ombudsman and the Auditor General; and the proposed provincial ICAC and other existing integrity institutions; will be presented to the public.

Medium of communication: Public speeches; short plays/dramas; posters; pamphlets and radio broadcasts. These should be communicated using the local vernacular and Tok Pisin.

Educating the public will increase public awareness effectively because there is a serious lack of general education at the district and village level. Rather than presupposing a literate public as ICAC (NSW) does, the situation in provincial PNG means that attention must be directed at increasing education and therefore awareness before any other strategies for addressing corruption are applied.

In-house training

Target: Village councillors and council presidents, the provincial governor, and elected ministers of parliament. Other people who should be included in this training are the women's representative to the provincial assembly, representatives of other NGOs and the district administrators and the divisional heads of all government agencies in the province.

Purpose: To teach leaders and managers of public organisations about ethical conduct such as good leadership, accountability, openness, transparency and honesty.

When: The in-house training should be conducted at the beginning of every year just before the provincial government budget is passed, and may last for one week. The training should be organised by the provincial ICAC (PNG) with additional expertise and training to be provided by other corruption prevention institutions in the country both formal and informal.

Issues: The key lessons should comprise the seven principles of public life recommended in the 1995 Nolan Report of the (UK) Committee on Standards

in Public Life. These principles are fundamental to the good management of any modern public institution and provide guidelines for the handling of public funds and the exercise of power and authority. The principles include: selflessness, integrity, objectivity, openness, honesty and leadership.

The lessons should be presented through a workshop format, with training, reviews and publications to be made available for future courses and for circulation within departmental agencies or other organisations undertaking development projects in association with the provincial government.

Special education and training for civil servants

Special education and training for civil servants is essential because petty corruption is widely practiced within every bureaucratic organisation. The education and training of bureaucrats will focus on developing an ethical framework within the organisational setting. The provincial ICAC (PNG) should be directly involved in designing the course for civil servants. Training must be held twice every year and full compliance by public servants at each district must be guaranteed by legislation, which needs to be enacted by the parliament as well as the investigatory power of the provincial ICAC.

The special education and training is to be selective and focused on one departmental division at a time in each district. This will enhance administrative reform and strengthen the institutional structure. Training and education is to be based on building an ethical framework, thus making the work of the organisation clearer and more goal oriented. Education and training should also focus on making the organisation more flexible than its traditional rule-based line of command. A number of points need to be considered.

- There is a problem of finding a balance between enforcement programs and engendering programs.
- The organisation should be treated as an organism that needs the right inputs to grow and expand.
- Compliance mechanisms should be made internal to the organisation.
- Attempts need to be made to unify the engendering programs with enforcement programs. Thus progressive compliance mechanisms are built into the organisation.
- In any case 'enforcement' should be seen as the last resort if the organisational culture is to be transformed to that based on ethical framework.

Conclusion

On the whole, a strategy based on education and training to prevent corruption will prove an effective way of addressing the problem at the provincial level and must be integral to any other corruption prevention strategies. This approach to preventing corruption is a bottom-up strategy. If all 19 provinces in the country apply this model, corruption will diminish as the public become involved in the fight.