



## **Central agency reform in Papua New Guinea**

In 2005 after 15 years of turbulence and reform initiatives, Papua New Guinea (PNG) faced serious challenges. A nation of five million people from over 800 language groups in the eastern Pacific Ocean, PNG experienced significant population growth in the 1990s. This was accompanied by a deterioration in the government's financial position and the health of the economy overall, and a secession crisis as leaders from the island province of Bougainville sought unsuccessfully to break ties with the rest of the nation. In 1999 a new government headed by Sir Mekere Morauta, a former Secretary of Finance and Governor of the Bank of Papua New Guinea, passed legislation establishing a new Central Agencies Coordinating Committee (CACC) and a new position at the head of the public service, the Chief Secretary to Government, with significant powers to drive better quality advice and management from the bureaucracy. These changes to the central machinery of government in PNG assisted Morauta in his efforts to halt the decline in the country's economic and social conditions, and were retained when power was transferred to a new government led by Sir Michael Somare in 2002.

However by its third year in 2005 the Somare Government had not overcome difficulties directing the limited resources at its disposal to where they were most needed. The country's infrastructure in areas like roads, water and electricity was deteriorating. An alarming rise in levels of HIV infection had occurred and there were continuing problems with the chronically under-performing and under-resourced police force, schools and health clinics. The commercial sector remained under-developed leaving many people without the opportunity to earn an income. The

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This case was written by Tim Watts, Australia and New Zealand School of Government, for Dr Richard Norman, as a basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial situation. The assistance of Robert Igara, Puka Temu, Bill Kua, Steven Morling, Graham Mostyn, and Joshua Kalinoe in preparing this case is gratefully acknowledged, but responsibility for the accuracy of the version of events presented here lies with the author.

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introduction of the CACC and Chief Secretary position had been positive for PNG, but the government's capacity to drive service delivery from line agencies remained problematic. Prime Minister Somare and his Chief Secretary Joshua Kalinoe needed to find new ways to improve the performance of the agencies delivering essential services out in the country's 19 provinces, but how?

### **Historical background: Early promise**

When Papua New Guinea became independent in 1975 after over 70 years as an Australian colony, its senior public servants, many of whom had been trained in Australian universities, were the most highly educated group in the country. Its new constitution established a modern system of government with a strong, democratically elected parliament and a bill of rights which included strong protections for freedom of speech.

Most of the early parliamentarians were village people with limited education and they tended to follow the recommendations of the experienced lawyers, managers and policy experts who ran the public service bureaucracy.

“In the late 1970s and early 1980s PNG's public administration and budget process were strong by international standards,” said Robert Igara, who worked in the Department of Prime Minister and Cabinet during the period after independence and who later became Chief Secretary to the Government under Prime Minister Sir William Skate in 1997 and later under Prime Minister Sir Mekere Morauta in 1999. “Many people saw it as a model from which other countries could learn.”

### **Political frustration**

But by the mid-1980s, PNG's political leaders began to get frustrated with the heavily planned and tightly managed processes of the bureaucracy. “Members of parliament started to believe it was too rigid – everything was locked into programs. They couldn't direct resources to their electorates and where they thought they should have been going,” said Igara.

Successive governments took greater and greater control of the administration of the country such that by the late 1980s, the traditional centrally planned approach had largely been sidelined and many key positions in the public service had been politicised. Reforms were made to the *Public Service Act* which weakened the independence and authority of senior public servants. Ministers in portfolios such as lands, commerce and industry, health and works were given greater latitude to manage their departments and distribute their budgets.

For heads of departments, the implications of the changes were marked. Dr Puka Temu, a medical doctor and surgeon, held several executive roles in the Health Department during the 1990s, including Secretary. As Secretary he clashed with his Minister.

“I wanted to appoint a Deputy Secretary whom I knew was exactly the right person for the job. During my interview with him, I was surprised by an urgent call from the Minister for Health who told me he would not allow this appointment. I said ‘This is my

turf, Minister. He is well qualified for the job and it is in my powers to hire him', which I did. After I had done this the Minister went to Cabinet and had me sacked."

Dr Temu said that without the freedom to "hire and fire" a Secretary lost an important means of ensuring staff were accountable for performance.

"The system was corrupted politically," said Robert Igara. "Frank and fearless advice, the critical element that makes the system work, started to disappear. A lot of it was due to fear of the ramifications. A department head will fear giving his best advice because it may lead him to lose his job." According to Igara, because the public sector is so central to the PNG economy the consequences for a public service executive who is sacked are amplified. "Personally there are few other employment options. As well, the other members of his tribal or regional group may lose opportunities because of their ties with the sacked executive."

### **Instability prevails**

From the early 1980s a series of short-term governments comprised of loose coalitions of up to eight different parties were elected and then replaced within one to two years. A clause in the PNG constitution allowed for a "no confidence" vote at 18 months into the parliamentary term and this led to frequent changes of government. Each new government sought to put its stamp on the country and to direct public funds to its political supporters and favoured sectors and regions. This undermined longer-term planning and added to the public service's difficulties managing government services. Current spending dominated and capital investment was neglected. The government's foreign borrowings grew substantially.<sup>1</sup> GDP per capita began to shrink and the value of the national currency, the kina, declined greatly.<sup>2</sup>

Unstable coalitions of multiple smaller parties have been the most common form of government in PNG since independence. Party affiliation of members of parliament has historically been quite weak and has usually been a product of personal and regional loyalties rather than shared ideology or political philosophy. Up to 15 small parties may be represented in parliament at any one time and at least one third of MPs typically define themselves as independent.

### **Weakness in the central machinery of government**

Strategic policy making in PNG traditionally took place in the Department of National Planning (DNP) and Department of Finance, and in a series of bureaucratic committees with mandates like economics, infrastructure, development and public administration. These committees served as advisors to a series of Cabinet committees with similar briefs. However information-sharing between the National Planning and Finance departments and these committees was poor and they were typically run separately to the budget process. "The structure was quite cumbersome," said Joshua Kalinoe, who as a former head of the Commerce and Industry Department in the 1990s, was a member of the Economics Committee. "Our committee had no linkages

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<sup>1</sup> Source: International Monetary Fund, International Financial Statistics Online Service,

<http://ifs.apdi.net/imf/about.asp>

<sup>2</sup> Ibid.

with the infrastructure committee. One arm of government didn't know what the other was doing.”

There were also problems maintaining commitment to consistent and transparent processes in areas like the budget, policy formulation and performance monitoring. Robert Igara said:

“Every new government would set up some sort of coordinating structure to try to manage these various committees but after six months of government it would stop working. After a while everyone would just begin running straight to the Prime Minister for decisions. You used to have people committing funds to things but the numbers weren't reliable. It was impossible to control the budget, and the result was regular, unsustainable budget deficits.”

### **Increased devolution to the provinces**

In 1995 new legislation transferred significant responsibility for implementing government programs to the 19 provincial governments. The motivation behind of the change was a view that in a very diverse society geographically divided by mountains and oceans, problems were best addressed by local authorities most familiar with local conditions. However the devolution program added to the complexity of the management challenge for the national government. Senior PNG government managers in the capital Port Moresby had previously had authority to fully determine budget allocations and could use this power over the “purse strings” to implement policy directives from the Prime Minister and Cabinet. Under the new rules, large budget allocations to the provinces were made according to fixed ratios determined in the legislation giving provincial governments significant leeway with expenditure decisions.

Reflecting on his experience in the Health Department, Dr Temu said:

“The Health Department was setting health policies but the 19 provincial governments were supposed to implement them. But we had little power and few resources to control what was happening at the provincial level. There was no way to discipline the provinces approach to implementation and ensure performance.”

The Government gave the Health Department targets to increase the rate of childhood immunisations, said Dr Temu, but the Health Department was hamstrung because it relied on provincial level bureaucrats who had their own priorities and agendas. “We would get to the end of the year and find that monies allocated for immunisation had been spent on other things,” he said.

### **A new Prime Minister**

By 1999 when Sir Mekere Morauta was elected as Prime Minister, the national economy was in a poor state. Most of the big statutory authorities in sectors such telecommunications, banking, water, and electricity were close to bankruptcy as a result of poor management and being starved of capital funds for a decade. As well, strains in PNG society were becoming pronounced as the health care system, the police force and the education system began to falter in parts of the country due to a range of reasons including insufficient funding and poor management. Around 25 percent of the national budget was spent on servicing government debt.

Morauta appointed Robert Igara, a career public servant with an MBA from the Australian Graduate School of Management at the University of NSW, as Secretary of the Prime Minister's Department. Igara had previously served in this role under Prime Minister Skate. "When I was appointed by Morauta, I did a review of how the machinery of government was working," said Igara.

"Reforms were clearly needed. It was a devolved structure where every department head acted independently through their ministers. It was very chaotic. Games were being played by various parties. People [were] trying to sneak submissions past Cabinet through the back door. Foreign agencies providing aid funds would apply their own process. There were letters of agreement which would emerge later with the PM's signature. There were all sorts of interesting things happening but it was clear to me that the public administration system was not assisting government.

"I felt that the Secretary of the Prime Minister's Department had to focus on ensuring that the Prime Minister and the Cabinet was properly informed, on the right issues; to make good decisions, taking account of the correct analysis and in a way that was accountable to parliament. It also had to take a new focus on managing policy and program implementation. This was not possible unless we changed how things were being done."

### **Creation of the Central Agencies Coordinating Committee and the Chief Secretary position**

While serving under Prime Minister Skate in 1998, Igara had developed a proposal to make the Secretary of the Prime Minister's Department the Chief Secretary to Government and establish a new single advisory committee for Cabinet called the Central Agencies Coordinating Committee (CACC). He had researched the public administration structures of Malaysia and Singapore and saw value for PNG in taking a similar approach, with stronger central agencies. Skate had not approved the proposal but Igara was convinced of its value and revisited the idea when appointed to serve as Secretary to Prime Minister Morauta.

"I believed that the role of the PM's Department had to be properly recognised within the whole machinery of government and to ensure sound advice was provided to the Prime Minister and Cabinet. Someone within the public service needed to provide leadership to the institutions of state. The central agencies, national line departments, statutory bodies, constitutional offices such as the electoral commission and the ombudsman commission, the police and the defence forces – they all have differing degrees of independence. But somebody has to provide leadership and to make sure resources are correctly allocated and services delivered. Someone has to be able to tell them – especially the departments - when they're out of line.

"Whichever Prime Minister or government was in office, reforming the public sector and the way it conducted business was an ongoing challenge. I learnt important lessons from my term under Prime Minister Skate's government. The public service and other key institutions of state had to be reformed and had to be part of the process of change. The central agencies had to take the lead."

In 1999 Prime Minister Morauta approved of the general direction of Igara's proposed structural reforms and eventually incorporated them into a new piece of legislation, *The Prime Minister and National Executive Council's Act*, which parliament passed without amendment.

The CACC consisted of the heads of Treasury, Finance, Personnel Management, National Planning and Rural Development, and was chaired by the Chief Secretary. The heads of the Departments of the Attorney General and Foreign Affairs were ex-officio members of the CACC.

Its charter (*see Exhibit 2*) required it to meet weekly and act as a single channel through which all submissions and funding proposals would come to Cabinet. Its role was to coordinate and implement the annual government budget and to provide reports to Cabinet on the performance of individual departments and agencies of government, including the provinces. It had specific responsibility for monitoring the implementation of Cabinet decisions. The CACC charter also stated it would conduct investigations and any other such tasks required of it by the Prime Minister and Cabinet.

From Igara's perspective the CACC's most important role was to ensure that submissions and advice placed before Cabinet were consistently analysed by technical experts from the bureaucracy. It was also a filter to ensure that the programs that the government funded reflected national priorities rather than sectoral or provincial biases.

“Most of the programs and the issues facing these programs were cross-sectoral. We would have economic issues entangled with how to best to manage relationships with donors. Fiscal policy and the deterioration of health services, infrastructure and public service integrity were linked. Then you would have natural disasters like the tsunamis in 1997 and 1998 and major issues like the crisis in Bougainville which required several agencies' attention and consistent political leadership.”

## **Early resistance**

Initially in 1999 and 2000 some Ministers resisted the CACC process. Many wanted the CACC scrapped, Igara said. “At the beginning we had to make clear that the CACC was not subject to the whims of this or that department. This was not the Prime Minister's committee or anyone else's. Rather it was an essential institution of the whole of government, which existed solely to serve the Prime Minister and Cabinet, and to ensure decisions were made with the best bureaucratic advice. It was not the end solution by any means. But it was there to restore clear process.”

Igara argued that the establishment of the CACC made a positive contribution during the Morauta government and assisted significantly the Cabinet's efforts to re-establish stable management of the country. It contributed to major reforms in the political and electoral system, financial sector and managed the privatisation of the largest commercial government-owned bank, the PNG Banking Corporation, and the merger of Orogen Minerals, the PNG government's resource investment vehicle, with Oil Search Limited. The CACC also successfully managed the negotiation of the structural adjustment loan program funded by the World Bank and supported by the International Monetary Fund, Australia, Japan, China and the European Union.

Igara said that CACC was especially valuable during the annual budget process.

“This role used to be performed by the Department of Finance who would say ‘Here is our budget, you need to accept it.’ But there are political considerations as well as

financial considerations. So, to my mind, it is critical that Prime Minister and other central agencies be involved as well. The CACC's coordination of the budget process was a means by which these broader considerations could be applied."

The Morauta government held power for three years until 2002. The government's policy of privatising many financially troubled statutory authorities was politically controversial and it received strong criticism especially from labour unions. Prime Minister Morauta argued that the proceeds of these privatisations were needed to lower the government debt burden and free up funds for spending on services and infrastructure. During this period there was significant economic instability with GDP shrinking and a decline in the value of PNG's currency, the kina. By August 2002, there were signs the private sector had lost confidence in the way the economy was being managed.

### **CACC survives transition of power to new Prime Minister**

The CACC passed a test when it maintained its role through the elections of 2002 and remained in place when a new government led by Sir Michael Somare was elected. A new Chief Secretary Joshua Kalinoe was appointed. With Prime Minister Somare's support he continued the CACC process and maintained its position as the single channel for all submissions to Cabinet.

"Initially there were some hesitations about the CACC," Kalinoe said. "The new Government wanted to see its agenda implemented. Some ministers thought that it was a stumbling block for the government. But as time has gone by, ministers have come to see that the advice and input of the CACC is very useful and respect its processes. We take an appraisal of the resources we have available, check against the national priorities the government has set and make our recommendations on that basis."

"Some ministers on some occasions would like to go around the CACC, to get a submission through another channel," said Kalinoe. "They feel that their submission has already been analysed and tested by their department. But our role is to assess with a national perspective. We know the full extent of the resources we have available. If the CACC is bypassed, this is troubling because it goes back to the old ways, and as a result we end up committing resources that have not been planned for."

Kalinoe argued that CACC allowed Cabinet to spend its time more efficiently.

"When a proposal has made it through the CACC, Ministers can have some confidence that there will be no objections raised by other departments down the track because that opportunity has been there at the CACC. There will be no need to run it by Treasury or Planning again. This speeds up the machinery of government. Time that is spent at Cabinet deciding on these proposals is spent productively. There is an informed discussion."

### **Service delivery difficulties continue**

By 2005 it was evident that while the CACC had improved the quality and consistency of decision making by the central government in PNG, the delivery of essential community services was not improving and in some areas actually getting

worse. Reports indicated that in rural villages where 85 percent of the country's population lives, medical services, schools and basic infrastructure like roads and water supply were missing or deteriorating steadily due to insufficient funding.<sup>3</sup> Some of PNG's basic social indicators were static or declining (*see Exhibit 3*). A rapid increase in the rate of HIV-AIDS infection in recent years added to the difficulties facing PNG (*see Exhibit 5*). An AusAID report in 2004 projected that if the current rate of infection continued unabated by 2020 the size of the labour force would be 38 percent smaller than the level it would otherwise be.<sup>4</sup>

The overall health of the PNG economy was improving, with GDP growth of 2 percent in 2003 and 2.7 percent in 2004. Government debt had shrunk as a percentage of GDP from 70 percent in 2002 to 60 percent, with a manageable target of 50 percent for 2007.

A range of factors contributed to the Somare Government's difficulties in improving conditions in PNG through the provision of better quality government services. As a result of the 1995 devolution program described above, PNG's three major parts of government had key roles in the provision of essential services. Central agencies established the funding priorities via the budget process. Line departments such as Health and Education in Port Moresby set policies and provided staff. Actual service delivery and implementation occurred through the 19 provincial governments and also through members of parliament who were allocated significant discretionary service delivery funds under legislation changes introduced in 1995. This division of responsibility complicated management of services and made it difficult to hold any one part of service delivery system accountable for performance.

Another factor was PNG's burden of offshore debt repayments and the public service payroll. A 2004 report from the Australian Strategic Policy Institute (ASPI) argued: "Offshore debt repayments and the wages and salaries bill are having a crippling on PNG's service delivery. At present, 29 percent of PNG's budgeted recurrent expenditure is going to interest payments on the nation's debt, while nearly 42 percent is going to the salaries and wages of government officials."<sup>5</sup>

Chief Secretary Kalinoe said the public service payroll issue was more complex than the ASPI report suggests.

"I think if you take account of the size and population of the country, PNG's 70,000 plus public servants are actually not sufficient. Half of the 70,000 (35,000) are teachers. Of the remaining 35,000, about half (17,000) are doctors, nurses, lawyers, engineers, and accountants. Therefore, you are left with only about 10,000-17,000 who are bureaucrats. We have an acute shortage of nurses, doctors and teachers."

The establishment of the CACC had significantly transformed the annual budget process and in 2005 there were signs that its coordinating efforts were having a positive effect. For the first time the official budget papers for 2004-2005 included an

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<sup>3</sup> Wainright E. and White, H., *Strengthening Our Neighbour: Australia and the Future of Papua New Guinea*, Australian Strategic Policy Institute, Canberra, December 2004.

<sup>4</sup> *Papua New Guinea: Country Profile*, AusAid, June 2005  
(<http://www.ausaid.gov.au/country/png/hiv aids.cfm>)

<sup>5</sup> Wainright E. Page 28

explicit statement that any proposed new program or project from a department would not receive funding unless accompanied by a matching reduction in funds budgeted for another program or project from that department. This new approach was initiated by the Secretary for the Treasury and authorised through the CACC.

### **Driving improvement in services through the CACC**

Speaking in May 2005, Chief Secretary Kalinoe said there were ways the CACC could change its approach to better drive the improvement of the government services delivered to the people of PNG. Kalinoe said he believed the committee was working well on the “input” side of its role: managing the flow of submissions to Cabinet and providing analysis and recommendations. But where improvement was needed was on the “output” side: monitoring and evaluating the performance of line departments and agencies and determining if Cabinet policy directives were being implemented. Kalinoe said:

“There needs to be a neutral, independent monitor of policy implementation. In the Prime Minister’s Department and in the Secretariat to the CACC we don’t have the capacity for the time being to play this role. We don’t have the capacity to call a department and say: ‘What is the progress on implementing this decision?’ ‘Where is the data on this or that program?’”

The charter of the CACC explicitly states that it has the authority to ensure Cabinet decisions are implemented and to report to Cabinet on the performance of individual departments and agencies, including provinces. However Kalinoe said that he believed he did not have the staff or the budget to properly fulfil this role.

A 2004 report commissioned by Kalinoe and authored by Charles Lepani, a former Director of the National Planning Office of PNG and Lyn Peiper, proposed an Office of Strategic Planning and Oversight (OSPO) be established to service the CACC and better equip it to play a direction-setting role for Cabinet and more rigorously monitor the line department’s performance<sup>6</sup>(*Also see Exhibit 6*). The report recommended that the new OSPO’s mandate be entrenched in legislation and should include:

- Monitoring and evaluating sector and agency performance against benchmarks set in accordance with national strategic objectives
- Undertaking quarterly budget reviews of sectors and agencies
- Reviewing agencies’ recurring spending to ensure that all resources are directed at supporting national priorities

The report proposed reassigning staff from across the central agencies to the OSPO. Speaking in 2005, Kalinoe said he supported the proposal for the new office in principle and was exploring how to resource it.

Lepani and Peiper’s report also recommended a greater role for the CACC in the PNG Government’s critical relationships with its main donor partners: the Government of Australia, the Asian Development Bank and the World Bank. One third of the annual

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<sup>6</sup> Lepani, C.W. and Peiper, L. *Strengthening Whole of Government Strategic Policy Coordination and Planning, and Opportunities for Donor Harmonisation in Support of PNG’s Development*, Report to the Chief Secretary of Government of PNG, 30 November 2004. Page 13

government budget of PNG for specific projects comes from aid, so effective management of these relationships is essential to successful public management in PNG. Lepani and Peiper proposed that the CACC be given a clear mandate to improve the effectiveness of aid and the authority to ensure agencies comply with its directives.

According to the report, the CACC had not fully utilised the authority it has under legislation to improve the performance of government in PNG.

“The CACC is still grappling to meet its potential in terms of assuring the integrity and coordination of departmental proposals and generally fostering responsible public administration. Inadequate resourcing, combined with fire-fighting pressures means that the CACC has little time to address longer term strategic priorities. CACC members also have yet to understand their role in a whole-of-government sense, instead tending to represent sector interests and thus often skewing budget decisions.”<sup>7</sup>

### **The development challenge for PNG**

In November 2004 Prime Minister Somare announced a new Medium Term Development Strategy (MTDS) identifying the seven expenditure priorities his government would be targeting in the next five years. The priorities were consistent with assessments made by the country’s major donor partners and reflected lengthy and expansive consultations made by the Somare government throughout the nation’s 19 provinces. The expenditure priorities were: (1) rehabilitation and maintenance of transport infrastructure; (2) promotion of income earning opportunities; (3) basic education; (4) development-oriented informal adult education; (5) primary health care; (6) HIV/AIDS prevention; and (7) law and justice.

Three new reform initiatives were commenced to address lagging service delivery performance. The first, known as “Treasury Rollout”, targeted the restoration of banking, postal and communications services in the countryside. The second, “District Road Improvement Programme”, focused on connecting remote rural areas to urban centres with new roads. The third, known as the “District Services Improvement Programme”, involved the establishment of additional police, rural lock-ups, school inspectors and magisterial services in rural communities.

A boom in commodity prices in 2005 lifted the PNG government’s tax revenues from the mining industry. Equipped with a widely supported set of medium term priorities from the nation’s elected government and with the government’s financial position improving, the Chief Secretary and the members of the CACC faced some difficult questions. Deteriorating social conditions in the countryside had to be addressed and essential government services returned to adequate standards. Did the CACC need new powers or new tools to align agencies’ activities more closely with the nation’s development priorities? Or did the current arrangements simply need to be managed better?

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<sup>7</sup> Lepani, C.W. & Peiper, L. Page 8

Exhibit 1: Map of Papua New Guinea



## **Exhibit 2: CACC Charter**

The Central Agencies Coordinating Committee (CACC) chaired by the Chief Secretary to the Government includes Heads of all Central Agencies (Treasury, Finance, Planning and Rural Development, Personnel Management, and Attorney General). The Secretary for Treasury and Finance is to be the Deputy Chairman of CACC. The CACC will establish any other sub-committee or task force if required. The CACC will report to the Prime Minister as Chairman of the National Planning Committee (NPC) and NEC (National Executive Committee or Cabinet).

The main functions of the CACC are:

1. To assist the Prime Minister, NPC and NEC (Cabinet) in carrying out the respective functions and reviewing and making recommendations on any matter requiring their attention including submissions for the NEC.
2. To ensure implementation of NEC decisions and to report implementation status to the NEC.
3. To coordinate formulation and implementation of National Development Plans and Programs including at sectoral levels.
4. To coordinate formulation and implementation of the annual Budget including Public Investment Program.
5. To coordinate and supervise the formulation, implementation and reporting on Government's Structural Adjustment Program including on privatization, public sector and financial sector reforms including negotiations with international agencies.
6. To review and report on the performance of individual departments and agencies of government including provinces.
7. To review and recommend appropriate measures, strategies and positions to be adopted by the State in relation to disputes, industrial relations and claims, legal proceedings and in settlement of legal proceedings.
8. To undertake investigations and produce reports on matters required of it by the Prime Minister, NPC and NEC.
9. To undertake negotiations with other parties on matters falling within its functions.
10. To perform such other tasks as are referred to it by the Prime Minister, the NPC or the NPC.

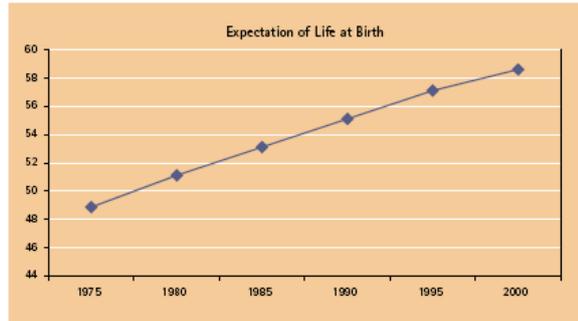
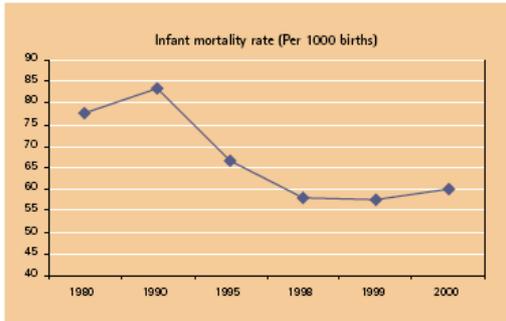
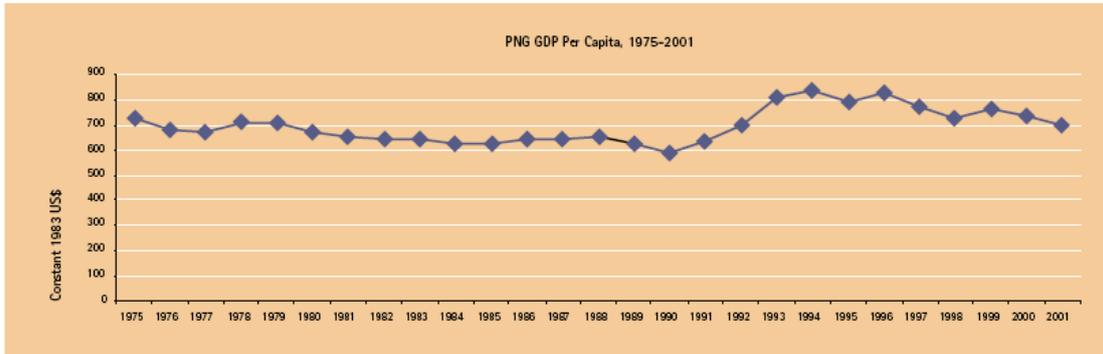
The CACC shall meet at a minimum for 4 hours a week.

(Source: Lepani, C.W. and Peiper, L. *Strengthening Whole of Government Strategic Policy Coordination and Planning, and Opportunities for Donor Harmonisation in Support of PNG's Development*, Report to the Chief Secretary of Government of PNG, 30 November 2004.)

### Exhibit 3: Key Indicators, Papua New Guinea

Source: AusAID

	1980	1990	2000	Samoa 2000
<b>POPULATION AND ECONOMY</b>				
Total population (million)	2.9	3.6	4.8	0.2
Population growth (%)	2.5	2.3	2.6	0.6
GDP per capita (US\$ at 1983 price)	672.0	591.0	735.0	1130.0
Aid per capita (US\$)	105.6	103.3	53.7	161.0
Australian aid (AUD\$ million)	252.9	333.1	338.2	13.1
Population in poverty (1996) (%)	-	-	37.5	-
Total debt/GDP (%)	-	28.2	68.2	83.6
Total debt service/exports (%)	-	13.8	13.5	-
Human Development Index	0.441	0.479	0.535	0.715
<b>HEALTH</b>				
Public expenditure (% of total GDP)	2.9	3.0	2.0	2.3
Access to an improved water source (% of population)	-	-	42.0	99.0
Rural	-	15.0	32.0	95.0
Urban	-	95.0	88.0	100.0
Immunisation rate (% under 12 months)				
Measles	-	67.0	58.0	89.0
DPT	32.0	67.0	56.0	11.0
Life expectancy at birth (years)	51.1	55.1	58.6	69.0
Infant mortality (Per 1,000 live births)	77.9	83.3	56.1	22.0
Maternal mortality (per 100,000 live births)	-	390.0	370.0	-
Births attended by skilled health staff (%, 1995 data used for Samoa)	-	40.0	53.0	52.0
Contraceptive prevalence rate (1990-2001) (% of women ages 15-49)	-	-	26.0	21.0
Prevalence of HIV (% of adults)	-	0.2	0.7	-
Known Deaths from HIV/AIDS (2001)			880.0	-



**Exhibit 4: Transparency International Corruption Perceptions Index (CPI) 2004**

<b>Country Rank</b>	<b>Country</b>	<b>CPI 2004 Score</b>
1	Finland	9.7
2	New Zealand	9.6
3	Denmark	9.5
3	Iceland	9.5
<b>9</b>	<b>Australia</b>	<b>8.8</b>
102	Eritrea	2.6
<b>102</b>	<b>Papua New Guinea</b>	<b>2.6</b>
102	Philippines	2.6
102	Uganda	2.6
145	Bangladesh	1.5
145	Haiti	1.5

Anti-corruption organisation, Transparency International, surveyed 146 countries and ranked them according to the degree of corruption. The CPI score ranges between a clean 10 and a highly corrupt 0. A score of less than 3 indicates 'rampant corruption'.

(Source: Transparency International, [www.transparency.org](http://www.transparency.org))

## Exhibit 5

Extract from *AusAid: Papua New Guinea Country Profile* June 2005  
(<http://www.ausaid.gov.au/country/png/hivaids.cfm>)

### HIV/AIDS in Papua New Guinea

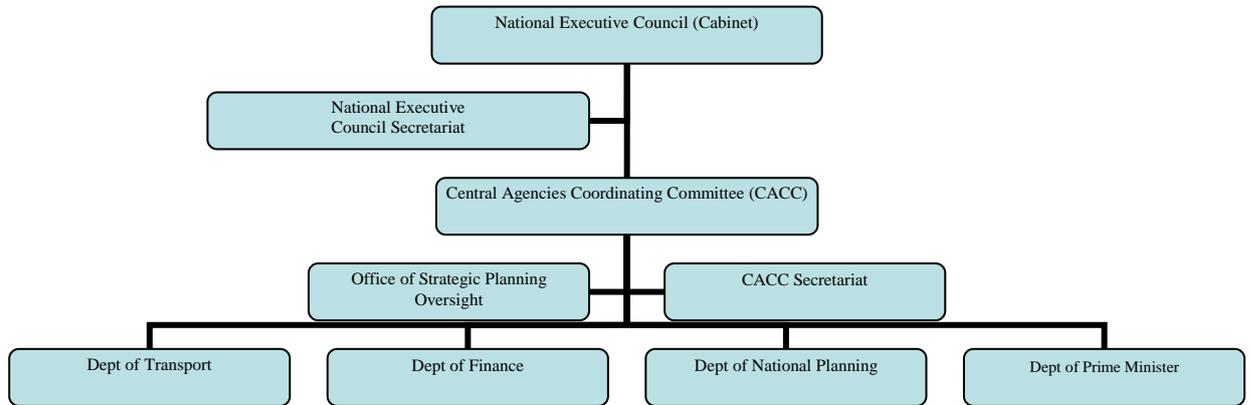
PNG has the highest incidence of HIV/AIDS in the Pacific region and the fifth highest percentage of 15 to 24 year olds living with HIV/AIDS in South-East Asia and the Pacific. Since the 1990's, HIV prevalence amongst women attending antenatal clinics, blood donors and tuberculosis patients has grown sharply. Heterosexual transmission is the predominant means of infection, with approximately equal numbers of men and women affected, except in the 15 to 29 year old age group where women outnumber men.

Parent to child transmission is the second most common means of infection. Significant prevalence rates are found not only in large urban areas (for example the national capital Port Moresby), but also in rural pockets typically around primary industry sites. The similarity of sexual behaviour patterns in PNG and Sub-Saharan Africa suggest that PNG's epidemic has the potential to reach Sub-Saharan African levels. The resulting impact on PNG's economy and societal structures could be devastating.

An AusAID commissioned report, [Potential Economic Impacts of an HIV/AIDS Epidemic in Papua New Guinea](#), concluded that, if not checked, the HIV epidemic in PNG will lead to major declines in economic and social indicators. The report reached the following major conclusions:

- PNG is facing a major HIV epidemic, with annual increases of 15-30% in numbers infected.
- HIV has the potential to exacerbate poverty in PNG, with measures of economic welfare falling between 12 and 48% by the year 2020.
- The labour force could be 13-38% lower by 2020 than that projected without HIV.
- The budget deficit could increase by 9 and 21% by 2020.

## Exhibit 6: Rationalised structure of the central machinery of government



(Source: Lepani, C.W. & Peiper, L. *Strengthening Whole of Government Strategic Policy Coordination and Planning, and Opportunities for Donor Harmonisation in Support of PNG's Development*, Report to the Chief Secretary of Government of PNG, 30 November 2004)