

Avoiding a divided society

Plans, attitudes and actions pursued now will determine the nature of this country well into the future. Will PNG continue down its current track of an increasingly divided society of have and have-nots, or apply the ideals reflected in the Constitution, of a caring society pursuing broad-based economic and social development? PNG's political and bureaucratic elite seems too busy pursuing its own interests, blaming each other for problems, but increasingly unaccountable to the wider population; (when was a leader or even lesser public servant penalised for misusing public funds?). The public's interests are becoming remote to those with property and doctors overseas.

The US Courts have just sentenced their supreme conman, "financier" Bernard Madoff, to the implausible prison term of 150 years for swindling investors, including charities, of billions of dollars using a 'ponzi' or pyramidal financing scheme; like a grand Uvistact or MoniRain scheme, but dressed up very respectably. Authorities there are even planning to recoup funds from early 'investors' who may have realised the scheme's fraudulent nature, i.e. that first contributors gain at the later majority's expense, who are left empty handed. Here, despite the Central Bank's efforts, the instigators and winners have escaped scot free.

The public infrastructure and other goods needed by the wider community, especially the less privileged, both to provide income-earning opportunities and access health and other essential services, are left decaying. Every day in this country we witness new examples of opportunists and those close to political and bureaucratic leaders accessing public funds and assets and even customary land for private gain, whilst depriving the wider community.

There have been interesting studies of the value of public parks to the health and welfare of the community. In Los Angeles, for example, a recent study found those areas with lower provision of public parks and recreation areas to have a higher incidence of child obesity, contributing to associated ill-health. Everyone appreciates public open spaces, but the wealthy have greater access to more remote or even private parks and facilities, whereas the poor need readily accessible facilities. NCD, Lae and other towns in PNG desperately need safe and well managed recreational areas. Instead we're seeing them fast disappearing to private commercial and retail development, agreed in back corridors, or even ill-conceived infrastructure projects. In whose interests? Who is championing the interests of the wider community? Powes Parkop and Carol Kidu, but who else? For years public parks in PNG have been grabbed by Departmental staff and national and overseas businesses. Various past Lands Ministers have secured prime land from Touaguba hill to Gerehu, whilst much of Wewak was reputedly allocated by Ministerial discretion to selected leaders. Such difficulty to differentiate public and personal assets, as highlighted by MPs 'donating' vehicles from public funds, ill-prepares the country for the time of LNG (beyond 2013), when significantly greater funds may be flowing.

As widely repeated, PNG is not short of fine policies, laws and plans, but they're rarely followed. New initiatives, like the overdue funding to restore infrastructure in Districts under DSIP, use flawed and widely abused systems, minimising positive impact.

PNG is a land endowed with renewable energy sources from flowing water for hydro to steady winds for windpower; even natural gas provides a relatively clean fuel. In the early 1980s there were major plans to generate hydro-power for export (using the Purari) and, more constructively, for future domestic needs, including NCD (from Vanapa River). Yet, rather

than developing these plans we blunder on short-sightedly, with increasing power shortfalls, and stopgap schemes, like the Kanudi power-plant (which sold power to the grid at higher than prevailing retail prices) and now even heavy CO2 emitting coal-fired power stations are proposed for (formerly) pristine Madang and NCD. Let the experience of competition in mobile phones extend to power generation. There's a need for a shared national grid and widely affordable services, but overseas experience highlights the benefits of competing power providers using their own capital. Even Bougainville villages have their own (low cost) hydropower and would welcome selling their surplus to energy-starved towns, like Arawa, still dependent upon the State monopoly.

Agriculture has long been recognised as critical to providing broad-based opportunities in PNG. For years, even before the latest LNG and other expected resource bonanzas, there have been virtuous public statements by leaders emphasising the sector's importance. Although still providing subsistence and income needs for the bulk of the population, agricultural performance has largely been disappointing. Rural opportunities and household welfare have been undermined severely by declining and often impassable roads, combined with other poor rural services like police and local administration, and unfavourable macro-economic management, with unattractive exchange rates and hence market prices. During the 1980s funding and capacity of traditional agricultural institutions declined but partially made up by growers' own contributions to new commodity organisations. However, government merely used these grower contributions as an excuse to further reduce public funding, whilst later also imposing GST on these contributions for hitherto publicly-funded services! Ministers still, however, sought control over Board appointments, despite government barely contributing to most commodity organisations! The donor community didn't help much from the mid-1990s, insisting that, whilst agriculture was valuable, it lacked government-approved plans.

Finally, this decade there seemed to be increased government commitment to agriculture, but so far this has largely proved smoke and mirrors. Despite apparent good intentions, the Green Revolution and National Agricultural Development Plan (NADP) have, to date, been major disappointments. The green revolution comprised tax measures with limited application and benefit, whilst the NADP (despite providing useful background material) was undermined by inadequate consultation during preparation. Its application has been of little if any value to the sector, being another politicised lottery with a sad reputation entailing: - centralised control and inadequate verification from the field, implied corruption, bounced cheques, funding unproductive activities (like the infamous K17 million cattle redistribution scheme) and privileged beneficiaries, including reputedly for chemicals for supposed organic production! Who's taking whom for a ride? Is this really a scheme to improve broad-based agricultural opportunities, or just a mechanism to shift millions into the pockets of privileged cronies?

Agriculture comprises large but mostly micro-entrepreneurs making their own resource decisions. They need access to markets and information, and must be responsive to market demands and their own needs. The rural majority must not be abandoned, especially with potential economic and social marginalisation from LNG development. Many of the sector's constraints are known, including lack of professional leadership of its institutions, and years of institutions being starved of resources to meet farmers' needs. Government must ensure provision of needed infrastructure and adequate support for research and information services, but not necessarily supply services itself. Alternative farmer-responsive approaches are increasingly adopted, often provided in partnership with the private sector or using

contracted service providers. Hopefully, NADP will now be reformed to make a meaningful contribution, using new guidelines, management team and transparent processes, but there's a big credibility gap needing to be bridged promptly, and sole discretion in decision-making, by politicians or others, must be eliminated.

Agricultural institutions are largely a shadow of their former selves. They need competent boards and management and support to restore core capacity. NADP funds could provide valuable sectoral support if provided through properly planned, managed and monitored programmes and proven service delivery mechanisms based upon addressing farmers' verified needs and aimed at empowering farmers themselves (both innovators, but especially disadvantaged households), with skills, information, planting material and techniques, and tangible market outlets. Government must take agriculture seriously but be ready to take advice from sector participants and development partners.

Over the next years, following an initial lean period, PNG could enjoy further substantial export earnings and revenue flows, as major resource projects mature. A previous boom was mishandled, undermining rather than fuelling sustainable economic growth. This could be repeated more seriously, with the country ending up with a small elite of resource owners (some squandering their inheritance) and other privileged beneficiaries (property owners and certain services), whilst the rest of the country is left behind as onlookers, with agricultural and other industries undermined by the impact of the enclave sector and government's failure to invest and manage revenues for wider economic and social benefit. This will happen particularly if prevailing inadequate accountability of government to Parliament and the wider public prevails.

It's a stark but realistic outlook, but doesn't need to be this way. There are many people throughout the community undertaking valuable, even valiant work, to restore systems at the national, provincial and local levels and supporting society's underdogs. The private sector is very much part of the solution if given the opportunity to compete fairly and provide a wide range of conventional but also new goods and services more competitively, to move PNG's economy on, and get services out into the remoter areas.

There's a major effort currently, led by Deputy Prime Minister Temu, preparing new long and medium term strategies and potential political and constitutional reforms, including to make government and decentralised systems more operational. These are likely to emphasise clearer separation of powers (with MP's not being implementers, whilst strengthening public sector implementation capacity) and restoring effective oversight by Parliament, perhaps including an upper house and elected seats for women.

We have many reformers, including some within Parliament, like Dame Kidu championing the rights of women, children, the informal economy, disadvantage and disabled. Governor Parkop and dynamic MPs like Sam Basil will effect valuable infrastructure and service improvements in some electorates. The pace of change is likely, however, to be dramatic over the next years. If negative impacts are to be minimised, with society avoiding lurching severely towards a small clique of haves and growing portion of have-nots, much awareness is essential throughout society, including leaders, and coordinated economic and social measures taken. It will require firm commitment to the National Goals and Directive Principles and achieving consensus on strategies to avoid sliding down the path of resource-rich Nigeria, Equatorial Guinea or Gabon with their skewed economies and discordant societies, and learning from constructive models, with more sustainable economies and

(largely) equitable societies, such as Botswana, Norway and dare I say it, neighbouring Australia. Strong pressures will invariably be placed on the wantok system, and proactive measures will be required to embrace, empower and where necessary support those communities, households and individuals (in urban and rural areas) whom society has marginalised or left behind.