

The need for Consistent and Positive policies for Sustainable Economic and Social Development

Reforms rarely have instant impact. Generally a package of reforms takes years to achieve real effect, if applied consistently. It was largely the economic reforms of the Hawke/Keating years that enabled the solid economic progress of Howard's term in Australia, with Howard's Government itself being more reactive than policy driven. Likewise the Thatcher reforms in the UK, though often divisive, provided the foundation for the economic progress under the subsequent Blair/Brown "new" Labour Government. In PNG the reforms launched during the Morauta Government provided the basis for the economic recovery since 2003, combined with the consistent fiscal and monetary management and political stability, but fuelled principally by the strong prices for PNG's commodity products. Like Howard, the 2002-7 Somare Government was largely reactive, rather than reformist or policy driven.

Despite more stable policies and improved investment conditions in mining and petroleum/gas, the prospects for broader-based investment and sustainable social and economic development is undermined by: -

- inconsistent policy and implementation (e.g. over competition in mobile telephony),
- ongoing infrastructure constraints and failure to seriously address extensive social and governance problems, notably:
- inadequate investment in quality broad-based education and public health, including regular supplies of school books and medicines, and
- failure to seriously address ongoing crime, including entrenched corruption, inadequate respect for women and unacceptable family and sexual violence.

PNG's leaders seem generally indifferent, even oblivious, to PNG's pervading social problems, cocooned in exclusive cars, planes, compounds or make-belief, and sometimes even protecting perpetrators.

The country has many sound laws and policies, including the MTDS. Revenue has improved with the commodity boom, but a severe lack of implementation capacity remains. Increased funding in the 2006/2007 budgets was committed to MTDS priorities, but there is a strong risk that the fortuitous, possibly temporary, ensuing opportunity will be frittered away on wasteful consumption. With hundreds of millions in Trust Funds and a backlog of planned expenditure, it would have been wiser to have further reduced debt substantially in the recent supplementary budget. Rural infrastructure maintenance and services require substantial increased funding, but this must be planned properly and linked with capacity improvement and greater accountability, not left to MPs (many new) to hastily dream up and implement projects.

There's strong pressure within government to abandon fiscal frugality and priorities geared to longer term improvement of ordinary people's lives, to pursue extravagant consumption, throwing money at large VIP jets to spin around the Pacific, or construct superfluous new towns, rather than restoring existing infrastructure and services. On the other hand, in places like NCD and the Southern Highlands, following periods of

administrative abuse, there are commitments to addressing governance abuses. PNG and its people survive largely despite, rather than thanks to government. The economy and services function, if erratically, through the effort of households and communities, NGOs, churches, private sector and individual leaders and public servants! Positive initiatives in some provinces, both government and community-based, are watched closely and being emulated. Money, independence or institutions gained too easily, are often not looked after. Recent local initiatives may generate greater commitment and ownership. May'be SHP will be restored as a model for the country; not through flash buildings, but serving its people and providing them opportunities.

PNG is unique. Rich in natural resources, spectacular scenery, biodiversity and culture, it should be one of the most inhabitable countries, with good climate, generally low population densities and ample agricultural and marine resources to support its rural and urban population sustainably, through local supply and trade and potential industries like tourism. Yet, it has an atrocious (partly undeserved reputation) international reputation as a place to invest or inhabit, with significant potential investment by reputable overseas, but also PNG businesses frightened elsewhere, or choosing immediate consumption over riskier long term investment.

PNG secures investors for the valued resources, like oil /gas and gold, when prices and investment conditions are sound, and latterly for urban real estate and ancillary industries. It readily attracts operators to extract forest or fish resources on shorter term extractive bases, though never apparently declaring profits. It is harder to identify those willing to make riskier long term commitments to resource harvesting on a sustainable basis. Potential investors interested in longer-term commitments to good resource management or plantation forestry and processing have too often been scared off by leaders and processes geared to short term operations and mutual gain. Fortunately some tenacious investors commit themselves better practice, or improving existing operations, despite higher costs, and revoke back-door deals.

PNG is increasingly divided between those, largely in rural areas, who despite productive natural resources, gain few educational or economic prospects, and the relatively advantaged, largely urban elite. Hitherto almost all citizens saw their prospects in PNG. Increasingly those with money or suitable skills, especially in mining engineering, medicine and aviation, see prospects overseas. An inevitable result of globalisation this can provide benefits all round, although it becomes an increasing concern if PNG is deprived for too long of needed health or other skills, and if too many skilled or investing citizens see their future overseas. Too many Papua New Guineans, both with overseas prospects or without, are disillusioned, saying things will never improve back home; politics and corruption will not be cleaned up; the nation's assets squandered for short term gain; land, marine and forest resources allocated without process; perpetrators of corruption always escape justice; essential services under-funded (including for disease prevention, diagnosis and treatment); small businesses delocalised; weapons, tribal conflict and law and order problems escalating; and women remaining subjugated.

It is understandable for Papua New Guineans faced with constant governance and social problems to feel dispirited, and for local and international investors to find the constraints exasperating. PNG's problems must be resolved fundamentally by its citizens.

Fortunately, apart from the current more buoyant economy, there are some prospects for optimism. This largely emanates from the continued capacity of PNG households and communities to sustain themselves, whilst exploring new opportunities, including growing markets for organic and fair trade agricultural products. PNGeans are often considered too accepting of second rate services and malpractice, remaining silent for too long. But that seems to be changing, as demonstrated by the recent wide outcry to cases of abuse against women. Citizens, particularly in our cities, are increasingly aware of internationally acceptable standards and prepared to take a stand. Churches and NGOs, as well as providing core services, are supporting the community and demanding greater accountability.

PNG should have excellent economic and social prospects, but will only achieve them by its men and women uniting and demanding better standards, accountability, even-handed application of the rule of law and generating suitable conditions for competitive investment by reputable local and international business, including the informal sector, with no risk of assets being expropriated or destroyed (whether licenses arbitrarily revoked or fresh produce in market stalls confiscated by police or council workers). PNG's future prospects are in the hands of the whole community and its leaders. It's a sink or swim situation. Are there enough ready to be heard and make a positive difference, or does the community feel too disempowered, perceiving the problems as too big, power too entrenched and outcomes inevitable, and allow abuses to prevail?

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