

Broader based opportunities and restoring employment growth

The recent mid-year economic review from the Treasury highlights the predicament PNG's economy faces unless more concerted action is taken by government to address key expenditure and governance challenges and, together with the Central Bank and independent offices like the ICCC, to counter the current inflationary pressures, stemming partly from the enclave resource development (resource curse impacts) and associated opportunism.

The review highlights the continued strong economic growth the country is experiencing, driven by firm commodity prices and new extractive industry developments, upon which the Government has focussed its attention. However, the review also highlights the latest findings from the BPNG employment survey, which shows that since mid-2008 employment growth has tailed away virtually to zero. What PNG most needs is employment growth to absorb the continued growing population, both in the formal and informal sectors, notably in agriculture. What is the point of growth if most economic opportunities are locked up in enclaves and within a small political-bureaucratic-business-landowner elite, and are not spread through the wider community?

The problem is that we're already seeing the downside of LNG and some other extractive industry development, but making inadequate effort to ensure broader-based development. We're seeing a boom in some urban centres, focussed upon top end office and housing real estate, but failing to notice that the sky-rocketing housing and other costs are really damaging the prospects of other industries which provide extensive employment opportunities, as well as undermining household conditions and aspirations. The survival of agricultural and other sustainable rural and marine industries, manufacturing and fledgling industries, like tourism, are critical to PNG's future, but they depend on good infrastructure and services and affordable costs, to which government has paid scant attention, with its continued squandering of funds on ineffective (and unduly political) delivery mechanisms and failure to restore and reform an uncoordinated and unduly unproductive public sector. Major emphasis upon encouraging competition and investment in training for diverse skills is also critical.

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