

From failing state to job creation in PNG

by Allan Bird

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This is an edited excerpt from the 2024 PNG Update keynote address by Governor Allan Bird of East Sepik, delivered at the University of Papua New Guinea on 22 August 2024.

I have said it in Parliament, and I'll say it here. PNG has all the hallmarks of a failing state. It's all there. You just go through the definition of a failing state, and we tick all the boxes. So that's the problem statement right there. It's very simple, any government should come and take a look at it, and the very first thing we ought to do is to be honest with ourselves.

Power, water, fuel, foreign exchange, law and order, justice: Papua New Guinea is a very difficult place to do business in. It's just a fact.

No foreign business is going to bring a billion dollars into Papua New Guinea and invest and create jobs and help us grow our economy and improve the quality of life of our people if they can't get their money out again. It is so simple, I feel stupid saying it.

The people that want to invest in our country want to know that when they come in, the rules that apply to them apply equally to everyone else. But if someone can go and hand a brown paper bag to someone working in government and get a leg up, an unfair advantage, then you push out those genuine investors who are going to come and contribute to your economy, employ your people, train your people and pay taxes.

But here's the thing: Papua New Guinea is a highly inefficient country, and I think one of the reasons why we can't get rid of the inefficiency is because inefficiency is the perfect lubrication for corruption. It's the ideal lubricant. You just need an inefficient operating environment. And guess what? All the people that want to do the wrong thing are going to do the wrong thing, and they're going to get away with it.

Business principles dictate that you have to do things a certain way. One of the ways of managing an efficient business is empowering your local business units.

Now that is true of business; it's also true of government. What we have done is centralize to a point where all significant decision making occurs here. Everything that's failing in my province is a national government responsibility, it's not a provincial government responsibility. Law and order, power, water, our highways and ports — all national government responsibilities. One of my arguments is that you need to empower the provinces so they solve those problems themselves. It is about efficiency. We need to introduce efficiency into our systems of government.

I've spoken a lot about block grants to provinces, and many of you are familiar with that. There's a simple reason for me wanting a block grant. It leads to efficiency if you do it properly. Other countries have done it, and they've done it very well. My key question is, why haven't we? Now? I believe that if we empower the local level, they can create the havens we need for investment to take place so that we can get the jobs and all these other things that we talk about.

We have a limited bucket of money. We've got to invest in the critical areas first. But here's the thing, government tends to forget that the biggest investor you can bring to the table is the private sector. And by private sector, I don't just mean the big companies. I mean the mums and dads as well. Many of you sitting in this room, if you know and you have the confidence that this country is going to go in the right direction, you are going to take your savings out and you are going to invest. The people themselves are going to start investing. But that kind of confidence can only come if the big picture is pointing in a direction where we know that we are all going to have a fair, equal operating environment.

We need one million jobs. Well, how do we get those jobs? Every country on earth generates jobs through the private sector. We just keep missing that point here in PNG. We think government needs to generate those jobs that we need. Again, it comes back to confidence. How do we give the confidence to the private sector so that they can invest their money — and, again, large-scale foreign direct investors all the way down to local investors in-country, to moms and dads.

In his address, Mr Bird also recounted his experiences as Governor of East Sepik and participated in a Q&A session. A recording of the full address and Q&A may be viewed on the [University of Papua New Guinea Facebook page](#). Presentations from the 2024 PNG Update are now [available here](#).

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