

## **Launching of the PNG Economic Database**

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School of Business and Public Policy

UPNG

### **Acknowledgements**

Chancellor of UPNG, Robert Igara, who is doing a great job as Chair of the Independent Advisory Group looking to modernise PNG's Central Banking Act, Vice-Chancellor Professor Griffin, his excellency John Philp Australian High Commissioner, Professor Pillai, our Canberra ANU colleagues Professors Sullivan and Yap, and Professor Stephen Howes, who I know is such a driver of this partnership as well as a great friend of PNG, whether through his work on the IAG with the Chancellor or his leadership role through Femili in combatting domestic violence in our country.,

Thank you for inviting me here today to launch the PNG Economic Database.

The PNG Economic Database is a resource available to all for free. It is comprehensive in scope in covering 160 economic indicators. It is comprehensive in time as many indicators go back to independence.

In addition to the database, the website contains very valuable analysis of the key features of economy through time. This analysis is recommended reading for anyone serious about economic policy and development in our country.

The time and effort put into creating this database has made our economic data more accessible. This will help students, researchers and the private sector to contribute to informed public policy debate and better model our economy. I am one who believes that transparency helps our democratic process. I am also one that

believes we should learn from the successes of the past, and not repeat the mistakes of the past.

Indeed, the analysis contained around the database is recommended reading for anyone wishing to represent our people in our forthcoming election. We need informed leaders in our Parliament.

## **PNG's growth story**

Let me focus on living standards, just one component of this database to demonstrate its usefulness.

The broad story is shown in this slide.

As explained in the discussions in the database, the best available measure for movements in living standards in PNG is real non-resource GDP per capita. So the growth rate after deducting inflation of around 5% per year, and deducting population growth of 2.6% per year. The data starts in 1983, the first year we have non-resource GDP information, extends to 2020, and then I've extended in further which I will explain later.

Overall, PNG has not done well since our independence. Family incomes simply have not gone up as fast as our people reasonably expected. Let me unpack this further.

The database shows that the real non-resource GDP per capita has moved from K4,478 in 1983 to K5,029 by 2020. That is an increase of only 13 per cent over 37 years. On average, just one-third of one per cent every year.

Frankly, that is a national 'fail' when it comes to our economic performance. At the time of independence, we expected much better, and the current Vision 2050 expects much better.

The database demonstrates PNG's very poor growth performance, and I ask myself, "What can we, as a nation, have done better?"

Part of the answer lies in the analysis which summarises our economic growth history into four key phases. These are shown on the slide – our early years of independence with no growth on average. This was followed by instability in economic policies throughout the 1990s which had real incomes per capita 5% lower by the end of these 13 years. Then the long boom, helped by international commodity prices, but also supported through the economic reforms commenced by Sir Mekere Morauta and followed through by Grand Chief Somare. A gain of 34%, or one-third, during these good years.

Then, in just five short years, the worst experience of growth in our nation. As you know, I consider this was fundamentally driven by the disastrous economic management of the former O'Neill Government. I do not want the nation to forget the lessons of those mistakes, which is why I look back as well as looking forward.

In this graph, I've added the implications of the Marape economic vision to restore incomes growth for our people to at least 5 per cent per annum in the vital non-resource sector. After allowing for population growth of 2.6%, that means an objective on lifting incomes per person by 2.4% per year.

2.4% does not sound like much. But as someone trained in mathematics, I understand the power of compounding growth. After recovering from the global pandemic, the worst economic crisis in over a century, from 2019 to the end of the next Parliament, incomes would increase by 14%.

A huge improvement from the negative 8% from the big bust of the former Government. Better policies driving this growth are set out in my recent Parliamentary speeches such as budget repair, increasing capital investment, improving the business environment, and

building better institutions such as through the Central Banking Act Review. We are now working with our international partners to back up this reform agenda, and I thank our friends for this assistance.

What would be the story today if PNG had grown by 2.4% per person for 37 years from 1983. Not the miserable 13% per person we experienced.

But rather growth of over 140%.

Our income standards would be more than double what they are now if we had better economic policies in place. K10,769 per person in 2019, not the current K5,246. This is the cost of poor policies. Over K5,000 for every person in our economy.

And with higher growth, we would have so many more jobs. Our budget revenues would be so much higher so we could do so much more with our health and education systems, with our infrastructure, with our power and water, with our police services, with support for families and dealing with domestic violence and adapting to climate change.

PNG needs the economic leadership that understands how to bring PNG back to a steady growth path.

The PNG Economic Database highlights the long-term importance of better economic policies. This is valuable information for our leaders.

### **UPNG-ANU Economic Partnership**

This database is only one example of the value of working with our international friends. I have been a strong supporter of the many elements of the partnership between UPNG and the ANU.

I am very pleased that this partnership will continue through the very welcome extension of the UPNG-ANU partnership into a second-

phase. Good, long-lasting partnerships are critical for building our nation's capacity.

I hope I will be here in another five years, still as PNG Treasurer, to announce the third phase of the UPNG-ANU partnership, as durable change requires long-term investments.

For all of us gathered today, the PNG Economic Database is an extremely valuable tool to support research and evidence-based decision making on economic policy, which is of critical importance to any nation's future prosperity.

My congratulations to UPNG, the ANU and everyone else involved in creating the PNG Economic Database.

You have done the nation proud.

“It is now my honour to officially launch the PNG Economic Database, now available to all on the internet. A great resource for the nation, as we learn from our history to shape our future.”

**Hon. Ian Ling-Stuckey, CMG. MP**  
**Minister for Treasury**

**30 September 2021**

## Non-Resource GDP per capita - Growth less population growth of 2.6%

