

38th Australia Papua New Guinea Business Forum and Trade Expo
**1TOK TRADE WAVE: Advancing Smart Investments between Papua New
Guinea & Australia**

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THE 11th HENRY KILA MEMORIAL ADDRESS

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Ms. Nuni Kulu, President of Business Council of Papua New Guinea

The Honourable Richard Maru, Minister for International Trade and Investment of Papua
New Guinea

Senator the Honourable Tim Ayres, Assistant Minister for Trade, and Assistant Minister for
Manufacturing of Australia

Representatives of the Private Sector of Papua New Guinea and Australia

Heads of Department and Statutory bodies of Papua New Guinea

Government officials of Papua New Guinea

Representatives of the Diplomatic Corp

Distinguished Guests

Ladies and Gentlemen

I would like to thank Ms. Nuni Kulu and the organisers of this conference for the opportunity
to speak at the 38th Australia-Papua New Guinea Business Forum & Trade Fair.

It is a singular honour to be able to deliver the 11th Henry Kila Memorial Address at this
conference.

The conference theme “*Advancing Smart Investments between Papua New Guinea and
Australia*” is relevant particularly for PNG.

My address today will focus mainly on what I feel are enablers of smart investments, especially
to pivot PNG’s socio-economic development that is driven by the non-resources sector, and to
be led by the private sector.

I want to draw on both my professional and my personal experience, as both have shaped my
thinking.

I was born in the mid-1980s, and grew up in the Highlands, in Enga, in Porgera District, in a beautiful government outpost called Kolombi, which was established by early Christian missionaries during the colonial era.

During its heyday, Kolombi was more than just a government outpost. When I was a kid, it had a well-functioning health centre that supervised more than 10 aid posts.

There was a police post with a permanent police officer, and a formidable village-court magistrate. Together they ensured law and order was maintained.

There was an agriculture extension officer to promote agriculture services, particularly for cash crops, and a kiap or government administrator.

There was an LLG chamber which ensured regular local council meetings were held, and a community school which I attended as a boy.

However, disaster struck in 1996 with the closure of Kolombi's airstrip, apparently due to a lack of funding for maintenance.

When the airstrip closed, Kolombi started to face "rural decay". All the vital government services slowly ceased: the police-post closed down, the kiap left, most health workers left and all the aid posts shut down, the agriculture extension officer departed, and the community-school closed down as the teachers left.

Without the presence of a government authority, law and order started to deteriorate.

I myself made the decision to leave. As a 13-year-old, I walked for 12 hours to Porgera town, in bare feet over treacherous terrain. I will forever be grateful to the family who adopted me, a complete stranger. They took me in and looked after me, enabling me to complete my schooling, and from high school I went to UPNG and then ANU.

However, as far as I can tell, I was the only one to escape Kolombi. No other child from my area, or virtually none, has received any formal education since 1996. By 1997, when I returned to Kolombi, again on foot, it was clear that government services had already stopped, and cash-cropping had been abandoned.

Since then, things have only got worse. With the proliferation of guns and the total breakdown in law and order, many tribal fights have erupted, involving numerous tribes in the district, and destroying property and claiming many lives, including some of my relatives and friends.

All the development gains, even from before independence, have been lost.

What I have related is not uncommon. Indeed, it is the typical story of rural collapse in PNG. Reversing the decline will not be easy. But we must try. I certainly don't have all the answers, but here are four reform priorities.

First, although Papua New Guinea started off well after independence in 1975 full of promise and the opportunities a new country could offer, in the decades since independence

corruption and mal administration have permeated both the public and private sectors of the country.

We now have a toxic mix of bad governance, and in my view, the Melanesian ways of doing things around allocation of resources, especially through the so-called big-men system, whether in politics, public administration and in business. The big-men system ensures that political, and public leaders receive automatic deference irrespective of their conduct. People worship the ground they walk on.

We, therefore, have Members of Parliament (MPs) concentrating powers to themselves, especially under the auspices of devolved funding allocation, such as District Services Improvement Program (DSIP). The MPs decide the allocation of funding at the districts and provinces, which significantly dilutes their primary role as legislators in the National Parliament.

How long will the PNG government continue to devolve scarce funding without demand for transparency and accountability? This is a crucial issue going forward. Because now the government plans to allocate over K2.0 billion annually for the next five years to the provinces and districts and to be controlled by MPs.

Second, building the human capital of PNG is an important requisite for the nation's development. Smart investments which this conference will talk about will not go far, if we do not have a smart population. It is a known fact that the quality of education in PNG has either stalled or fallen over the years.

Investments to uplift the country's education standards, as well as to build its human capital through teaching, research, staff and student exchange, and scholarships including at the tertiary education level are critically important. An educated young population is an important prerequisite for both the private sector's growth and the overall economic expansion in this country.

The experience of the ANU-PNG Partnership which formally began in 2015, funded by the Australian Government and ably supported by the government of Papua New Guinea, provides a useful example. When I was doing undergraduate studies in economics at UPNG 15 years ago, the university's Economics department was critically understaffed and struggling.

Now, due to the ANU-UPNG Partnership, UPNG has four (4) fulltime Master graduates in economics from the ANU, who were sponsored by the ANU-UPNG Partnership, teaching economics courses. Three (3) more are currently studying at ANU, and one will commence her master's degree in economics at the ANU-Crawford School next year.

And ANU lecturers also teach post-graduate courses at UPNG, which has been beneficial to both the government agencies and the private sector. This has enormously improved the standard of teaching and learning at the school, thereby improving the human capital of PNG.

Third, economic diversification should not be just tokenism or provision of lip-service, say through allocation of ministerial portfolios on coffee, copra and live-stock. But it requires

a conscious government policy shift to alter the structure of the economic away from the resources sector to support growth in the non-resources sector, underpinned by improvement in the real sectors such as agriculture, fisheries, manufacturing, tourism, ICT and other services sectors.

Importantly, it is about the government providing the enabling policy and investment environment that would facilitate a private sector-led growth in the country.

After all the gold, copper, oil and gas of this country are exhausted, this country and its private sector will fall back on its human capital, its non-resources sector such as agriculture, fisheries and manufacturing, and its institutions to drive economic growth and development in the long-term.

We need to invest in these sectors, using the proceeds from the mining and petroleum sectors now. Because, as Mr Jerry Garry of PNG's Mineral Resources Authority recently warned and I quote, "When we don't have any of these copper and gold mines anymore, where are we headed?". He projects that our mines will run out in a generation's time.

Fourth, more needs to be done to promote people-to-people relations, in addition to this type of conference, sporting events, and government-to-government engagements between the two countries, for broader and deeper relationships.

Many old Australian government officials, missionaries, volunteers, and business-people are passing on leaving behind a large void on the relationship between the two countries.

A deeper people-to-people relationship would not only enable growth in business in the two countries, it would also ward off any mistrust, especially in a complicated and contested geopolitical environment our region and world will face in the coming years.

To conclude, it is both sad and worrying that we now have a young population growing up in PNG, in my old township and elsewhere, in a vacuum of good leadership, good governance, reverence to the rule of law, and with no meaningful exposure to the outside world. With the collapse in basic education services in many rural areas, the country's future is not rosy. Nevertheless, this only makes the task of reform more urgent and important.

As the late Henry Kila would have recommended, we need to make a significant push towards strengthening of our governance institutions. We need to embark on growth-enhancing policy reforms, strengthen our human capital by investing in our young people, and put more emphasis on the non-resource sector in terms of our public-policy advice and commentary. Thank you.