



PAPUA NEW GUINEA

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Reform needed

Australian academic Hughes offers economic advice

By ALEX RHEENEY

PAPUA New Guinea needs annual economic growth of about 7 per cent for the next decade to bring it back from the brink of disaster, an Australian academic said yesterday.

Professor Helen Hughes, a professor emeritus at the Australian National University and a senior fellow at the Centre for Independent Studies, in her report *Can Papua New Guinea come back from the brink?* on the country's state of affairs, said the Somare government has continued to follow a "resource development strategy" like its predecessors and not used the "good weather" and high world export prices to introduce economic reforms.

She said PNG's low per capita merchandise exports illustrated the failure of its resource-based development strategy and lashed out at China Metallurgical Construction (Group) Corporation — the developer of the Ramu nickel/cobalt mine — saying China had a poor mine-safety record and lacked experience in open-cut mining in the tropics.

"Such resource projects (including current gold projects and the Highlands gas project) are important. But they should be seen as the icing on the cake of labour-intensive agriculture, tourism and manufacturing that would provide the jobs and income needed to meet the aspirations of a young and growing population," Professor Hughes said.

"The prospect that new mineral incomes will be used for development does not seem promising.

"Papua New Guineans would have been better served if their minerals stayed in the ground until their governments demonstrated the capacity to offset the 'economic rent' effects that deter agricultural production and job

creation — and until they used mineral revenues for development."

Picking out politics and public service employment as jobs that lead to wealth accumulation in the country, Professor Hughes said political maturity was essential if resource rents were to be harnessed and warned external attempts to guide PNG's political development were doomed to failure.

"Changing its moral standards is not an option for Papua New Guinea but a necessity if it is to survive, let alone develop," said Professor Hughes.

She described the recently signed Enhanced Co-operation Program of more than \$A400 million for 2004-05 as a catalyst for change.

"Those who benefit from violence, crime and corruption are, of course, opposed to the enhanced Australian aid program, hiding behind a facade of Papua New Guinea's sovereignty to protect their corrupt practises," she said.

Criticising the Government's inability to keep illegality out of the forestry sector, control law and order and stamp out corruption, Professor Hughes said corrupt public servants and politicians needed to be exposed to begin a shift to a "new morality" in public life.

She attributed an increase in violence and crime to a decline in living standards and decried the Government's lack of attention to put more funding into infrastructure maintenance and the health and education sectors.

Adding to the debate on the effectiveness of Australian aid on PNG's development, Professor Hughes said aid could only be effective if the PNG Government pursued reforms that would remove "road blocks" to growth.



Lutherans celebrate 118 years

MORE than 2000 Lutheran faithful from all over Port Moresby converged on the Sir John Guise Stadium last night to celebrate the 118th anniversary of the arrival of the first Lutheran missionaries.

It was on the shores of Sim-

bang in Finschhafen, Morobe Province, on July 12, 1886, that German missionary Johannes Flierl landed to plant the first seed of the Gospel in Papua New Guinea.

Lutheran World Federation general-secretary Dr Ishmael

Noko and Asia Pacific secretary Reverend Ginda Harahap joined in with the celebrations last night.

Pictured are some of the faithful singing at the celebration.

Picture by STEVEN PETER.



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