

IM4DC

Action Research Report

SUMMARY

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Key themes:

Governance and Regulation
Community and Environmental Sustainability

Key countries:

Papua New Guinea

Completion:

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Research aims:

This study focused on the impact of the PNG resource sector 'job stream' on the national labour market and on the way that national workers who cross this job stream, and are thus employed in the resource sector for various periods of time, contribute to the nation's social and economic development in their own right. This entailed an examination of the ways in which the periodic growth and contraction of the resource sector job stream intersects with the career paths of individual Papua New Guineans who join it and leave it with various skills in their possession.

For further information on this action research:

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The Social and Economic Impact of the Resource Sector Job Stream in Papua New Guinea

Papua New Guinea (PNG) is as an example of a developing country of moderate size with a significant resource boom, but very poor human development indicators. Throughout its history as an independent nation, it has been heavily dependent on the resource sector for both export earnings and government revenues. This study was funded by AusAID as one of several country studies intended for inclusion in a companion volume to the World Bank's World Development Report for 2013.

The purpose of this study was to search for answers to a number of different questions:

1. What are the short-term and long-term impacts of the resource sector job stream on productivity, living standards and social cohesion in PNG?
2. If the resource sector is currently draining expertise from other sectors of the national economy, which sectors are most affected by this phenomenon and what is the impact on the quality and quantity of jobs in their own job streams?
3. How (or how much) does foreign investment in the resource sector stimulate the creation of new or better jobs outside of the sector's core job stream (in exploration, construction and extraction)?
4. When workers (male or female) move into or out of jobs in the resource sector, what different skills do they bring or take with them and how are those skills used in their new jobs?
5. Does the resource sector contribute to national social cohesion by enhancing the scale of cooperation and interaction between people of different ethnic backgrounds, or does industry preference for a commuting workforce detract from this contribution?
6. Why are large numbers of PNG workers exchanging jobs in PNG's resource sector for jobs in Australia's resource sector and what contribution do such workers continue to make to PNG's economy and society?
7. How do current PNG government policies relating to the resource sector (like the preferred area policy or gender equity policy) affect the social and economic impacts of the resource sector job stream?
8. What more could be done by government or other actors to improve the quality of jobs, or the quantity of 'good jobs', within and beyond the resource sector job stream?

The study concludes with a number of recommendations, including actions which the national government could undertake, and other actions which it should probably not take, to foster the creation of more jobs and better jobs in the context of a resource boom which has contributed to a rapid increase in job mobility.

Priorities for government action include, dealing with the problem of urban land and housing, strengthening the public institutions of professional and technical training which currently have glaring weaknesses and the development of human capital in those rural areas with the most acute levels of poverty, where the windfall benefits of a major resource project may never materialise, and where local people would struggle to take advantage of them even if they did.