

Papua New Guinea

- 1. In which areas of structural reforms have the most significant progress been made in your economy in the past five years? Please describe in what way you think the progress has been significant? Any structural reform activity can be included here, and does not necessarily need to be restricted to the five LAISR themes.**

The most significant and notable reform progress has been made in the area of improving competition policy. Through this, regulatory improvements have been made to improve competition law. The obvious economic benefit of this has been the increased competition in the mobile telecommunications and aviation sectors on international routes leading to increased economic activity and growth. Competition in these sectors has increased consumer choices, reduced costs and improved services.

- 2. Describe examples of successful reforms and lessons learned in your economy in implementing structural reforms in the five LAISR areas. Please indicate relevant websites or other reference material, preferably those written in English.**

Competition policy

The government acknowledges and supports the benefits of increasing competition in key service sectors of the economy because of the positive impact this has on the economy in increasing efficiency, productivity, lowering prices and improving the quality of service delivery and promoting innovation.

The government has made good progress in providing an enabling environment for competition by removing the impediments which affect fair competition in key service sectors. Some of these include removing monopoly powers, reducing burdensome regulation, tackling difficult licensing and cumbersome administrative procedures including various other protective measures. The government will undertake further action to address areas that still require its support. The Independent Consumer and Competition Commission (ICCC) has carried out reviews into the regulatory contracts of the State-owned Enterprises to complement their transition to commercialization in a pro-competitive environment. This is in addition to the past reviews conducted by the Commission into the aviation, coastal shipping, tourism, telecommunications and General Insurance industries including the Wholesale and Retail trading sectors.

The recent industry-specific reviews have been submitted to the Treasurer and the Department of Treasury will assess the recommendations of the reviews, and will be taking them into consideration in its continued efforts to enhance competition and drive productivity in these sectors.

3. What in your economy's experience are the keys to the success of reform? (e.g. leadership, institutional framework, communication strategy, consultation process) What are the factors, if any, that impeded reform? What lessons can we learn from your experience?

The keys to the success of reform in Papua New Guinea have been the political will; leadership; and commitment that has been driving the reform agendas with assistance and cooperation from stakeholders. The reform agendas have been incorporated into the previous economic and development policies (Medium Term Development Strategy & the Medium Term Fiscal Strategy) of the government and currently into the PNG Vision 2050 and the Papua New Guinea Development Strategic Plan (PNG DSP) and Medium Term Development Plan (MTDP).

Through reviews and consultation process involving public and private sector stakeholders including NGOs and donors (World Bank, Asian Development Bank, AusAID, JICA, etc), the government through its relevant institutions and agencies were able to identify reform issues including their implementation.

The Public Sector Reform Unit, which is directly under the Department of the Prime Minister, was created to coordinate a number of critical reform activities. The Department of Treasury monitors and evaluates critical reviews to improve service delivery in the districts and to address structural impediments to business including reforms to improve efficiencies of Statutory Authorities.

However, implementation of the reforms has been constrained to some extent due to the lack of capacity of implementing agencies; funding constraints and duplication of functions and resource leading to wastage, confusion and accountability issues.

In order to achieve the desired or best results, reform areas need to be clearly identified, sequenced, costs and benefits determined and its implementation carefully strategized.

4. What are the impacts, both positive and negative, of the reform on the economy and the flow of trade and investment? Please provide data or statistics where available.

Positive impacts

- Increased competition in the mobile telecommunications and aviation sectors leading to increased economic activity and growth.
- Tariff Reduction Program has reduced costs for businesses.
- Customs modernisation program enables smooth flow of goods.
- Removing cumbersome laws/regulations that serve as unnecessary bottlenecks impeding private sector operations.
- Improvement in patent/copyright laws gives security to innovation ownership.
- Financial sector reform, especially the liberalisation of foreign exchange allows greater flexibility for businesses to conduct their transactions.

5. In what ways can APEC better promote structural reform in the region? What would be some possible next steps beyond 2010 based on the achievement of the LAISR process?

Some of the ways that APEC can better promote structural reform in the region include:

- Capacity building initiatives and programmes such as training, conferences, seminars, workshops, etc.
- Consultation, research, surveys, awareness, etc regarding structural reform issues of common interest to APEC economies.

It is important that consideration of some possible next steps beyond 2010 needs to be based on the achievement of the LAISR process. It is very critical to ensure that there is some level of uniformity in the achievement of the LAISR initiatives so that every APEC member is in a better position to undertake the next level of reforms or address some issues that constraint them from achieving the LAISR objectives.