

Regional Training Course on Agricultural Cost of Production Statistics

23–27 April 2018 Daejeon, Republic of Korea

Country Paper – Papua New Guinea

I. BACKGROUND

Papua New Guinea is an independent nation for more than 40 years now since 15 September 1975. It is located in the Pacific Ocean towards the north of Australia. It consists of the eastern part of the island of New Guinea; the islands of the Bismarck Archipelago; Bougainville in the Solomon Islands chain; the D'Entrecasteaux Islands; the Louisiade Archipelago and the Trobriand Islands. Papua New Guinea's total land area is 462,840 square kilometres and its total population in 2011 was approximately 7.3 million persons. Of these, 6,351,551 million persons (87.6 % of the total) live in the rural village areas of the country while 902,891 persons live in the urban areas.

Papua New Guinea economy is dominated by a large, labor-intensive agricultural sector and a capital-intensive mining and petroleum sector (consisting mostly of oil, liquefied natural gas (LNG), gold, copper and silver extraction). The formal sector mainly driven by the Corporations sector consists of enclave extractive mining and petroleum industries, cash-crop agriculture production, wholesale and retail trade, construction, administrative and supports services, real estate, other services and a small, import-substituting manufacturing sector.

The informal sector continues to grow over the years on which 80% of the population derive their livelihood, is largely subsistence agriculture. The household sector is the main player in the informal sector which engages in the production of goods and services for own consumption and also disposes surplus to the local markets. Main informal activities include:

- Agriculture food production; fishing; firewood collection;
- Alluvial small-scale mining;
- Food catering; artifacts/handicrafts;
- Home generation of electricity;
- Construction of owned houses;
- Street vending and/or market selling of goods;
- PMV/taxi/ boat operations;
- Money lending;
- Owner-occupied dwellings,
- Renting of residential homes;
- Other services such as mechanics, carpentry,
- Provision of health services, and
- Paid domestic (house-keeping, baby-sitting) services;

The manufacturing sector remains small and consists of food, soft drinks, beer, food canning, tobacco processing and furniture making. Small-scale engineering and metal processing, clothing, and other light industries are also present.

2 – TYPE OF COSTS OF AGRICULTURAL PRODUCTION STATISTICS AVAILABLE, THEIR SCOPE, SOURCES, FREQUENCY, QUALITY CHECKS PROTOCOLS AND ESTIMATION METHODS

There are two main types of data on costs of agricultural production, alike many countries that exist in PNG.

- I. Administrative data - commodity or industry boards and Internal Revenue Commission have records
- II. Survey/Census data – PNG National Statistical Office has conducted a number of surveys namely 2009/10 Household Income and Expenditure Survey and 2015 Survey of Business Activities.

Type of costs of agricultural production statistics available

Data Items	Scope	Sources	Frequency (see below)
Salaries, wages and allowances		1, 2, 3	(see below)
Raw materials/ seedlings used		1, 2,	
Cost of goods sold, purchases		1, 2, 3	
Rented property expenditure		1, 2	
Advertisment. / Promotion		1, 2	
Bad debts written off		1, 2	
Borrowing expenses		1, 2	
Commissions		1, 2	
Contract employees		1, 2	
Consultancy fees		1, 2	
Consumables		1	
Depreciation		1, 2, 3	
Development levy		1	
Directors' fees		1	
Entertainment		1	
Forex loss/gain		1	
Gifts and donations		1	
Insurance		1, 2	
Interest expense		1, 2, 3	
Lease payments		1	
Legal expenses		1	
Management fees		1	
Motor vehicle expenses		1, 2	

Data Items	Scope	Sources	Frequency
Repairs and maintenance		1, 2	
Rental expenses		1, 2	
Royalties		1	
Travel and accommodation		1	
All other expenses		1, 2, 3	

Sources: 1 – Company Income tax (CIT) data, PNG Internal Revenue Commission, Monthly data available

2 – Survey of Business Activities (SBA), PNG National Statistical Office, Annual 2015 data available

3 – Business Liaison Survey (BLS), PNG Central Bank, Quarterly data available

3 - WEAKNESSES IN CURRENT METHODS WITH SPECIFIC EXAMPLES OF SUCH SHORTFALLS

Weaknesses in the source data:

1. CIT data

- Industry misclassifications – Lot of cleaning is done by NSO
- Data shows very high volatility between years may mean that data quality may be questioned –Use of Comparison model (Common Sample model) as aggregate levels show very high volatility between years
- Enterprises below threshold of K 250,000 turnover not covered

2. SBA data

- LOW Response rate - under coverage issue
- Lot of data gaps – no other years covered only 2015
- Data quality is poor – Intermediate consumption to Output ratio not of good quality

3. BLS data

- LOW Response rate - under coverage issue
- Data quality is poor – Intermediate consumption to Output ratio not of good quality

4. PLANS TO IMPROVE THE QUALITY AND COVERAGE OF AGRICULTURAL COSTS OF PRODUCTION STATISTICS.

The PNG National Statistical Office (NSO) is now working with UN FAO and PNG Department of Agriculture to conduct a survey on Costs of Agricultural Production with the assistance of commodity/industry boards and key stakeholders.

The NSO is also preparing to conduct the following activities:

1. 2018/19 Household Income and Expenditure Survey – main enumeration to start in November 2018;
2. 2017 Survey of Business Activities
3. 2020 National Population and Housing Census

Apart from the above planned activities, the NSO will conduct workshops or meetings with key stakeholders to focus on the Industrial Classification based ISIC Revision 4 and report about the outputs or outcomes of the National Accounts key product, Gross Domestic Product estimates emphasising on the source data. .