

**ECONOMIC
AND
SOCIAL COUNCIL**

**CONSEIL
ECONOMIQUE
ET SOCIAL**

E/CN.1/Sub.1/C.2
/W.7
31 January 1947
ORIGINAL: ENGLISH

RECONSTRUCTION OF DEVASTATED AREAS
WORKING GROUP FOR ASIA AND THE FAR EAST

Background material prepared in the United Nations Secretariat for submission to the Working Group for Asia and the Far East of the Temporary Sub-Commission on Economic Reconstruction of Devastated Areas at its meeting at Lake Success on 14 February 1947.

PART II

COUNTRY STUDIES

G. PAPUA - NEW GUINEA

PAPUA - NEW GUINEA

I - IMPACT OF WAR AND EXTENT OF RECOVERY

1. Introduction
2. Living Conditions of the People and Manpower
3. Food, Agriculture, and Forestry
4. Industry and Mining
5. Transportation and Communications
6. Foreign Trade
7. Finance

II - PRESENT DIFFICULTIES AND PLANS FOR THE FUTURE

/I. IMPACT

PAPUA - NEW GUINEA

I. IMPACT OF WAR AND EXTENT OF RECOVERY

1. Introduction

The material for this study was obtained partly from the information submitted by the Government of Australia under Article 73 (e) of the Charter in respect of the territory of Papua; and also from the Official Year Books of the Commonwealth of Australia. However, the material available for Papua - New Guinea as a whole was not as complete as could be desired.

Prior to the recent war, Papua - a territory of Australia since 1906 - and the Territory of New Guinea, controlled by Australia under a mandate since 1921, were administered separately.

When the Japanese invaded New Guinea in January 1942, the two civil administrations were suspended and an administrative unit was set up by the Army entitled the "Australian New Guinea Administrative Unit"; and, as the name suggests, it administered the two territories as one.

As the Japanese war receded from Australian territory, portions of Papua - New Guinea were progressively handed over by the Military Forces to the Civil Authorities. In July 1945, the Papua - New Guinea Provisional Administrative Act was passed by the Commonwealth Parliament to provide for one civil administration for the two Territories; and in June 1946 the last military control was released.

It is to be noted that the present joint Administration is still regarded as a temporary measure.

A Trusteeship Agreement for the territory of New Guinea submitted by the Commonwealth of Australia has been accepted and with regard to Papua the following important declaration has been made by the Australian Government and is quoted here:

"Although it is not the present intention of the Government to bring the Territory of Papua under the trusteeship system, the aims and intentions of the system so far as the advancement and welfare of the inhabitants of the Territory are concerned will continue to be applied to Papua as well as to New Guinea."

The task of restoring civil administration to an area as vast as Papua - New Guinea would in any circumstances be one of some magnitude but when it is remembered that the territories have been a huge battle ground and that practically every settlement has been devastated and every public utility - including the small ships so vital to the island areas - destroyed, it will be realized that a considerable amount of work is necessary before anything like normal conditions can be re-established. A beginning has been made with the task and despite the many difficulties of supplies and transport much progress has been made.

2. Living Conditions of the People and Manpower

Prior to the war the population of Papua-- New Guinea was approximately 5,000 Europeans, 2,000 Asiatics, and a native population estimated at over one million.

About 300 male members of the European population lost their lives as a result of the Japanese invasion, a large percentage being former Government Officials.

To carry out the new Commonwealth plans for New Guinea, a larger administrative staff than formerly will be required and to this end the Australian School of Pacific Administration (to become part of the National University of Canberra) has been established in Sydney for the selection and training of officers for the Papua - New Guinea Civil Service.

Native loss of life was not heavy but owing to the indenture system under which so many thousands of labourers worked on islands hundreds of miles from their homes, there has been a separation of these men from their families for some years. As might be imagined, the natural desires of these men to return to their villages, and the amount of home building and reconstruction that they found necessary there, plus over-all war weariness, has resulted in a great labour shortage.

/Housing

Housing and Clothing

In Papua, the two main European settlements of Port Moresby and Samarai were very extensively damaged; but in New Guinea, the settlements of Rabaul, Kokopo, Kavieng, Wewak, Madang, Lae, Wau, and Salamana were utterly destroyed. Included in the destruction were all European and native hospitals and clinics, numbering respectively 10, 25 and 2.

As the Australian Army of re-occupation took over areas in the Territories, buildings and hospitals of a temporary nature were erected, and these have now been taken over by civil authority and it is hoped they can be made to last until such time as building material can be supplied from Australia. However, Australia is herself suffering a shortage and recovery will not be rapid. Thus each of the several thousand houses to be rebuilt in New Guinea will require a wood fuel stove; but in September 1946, the monthly quota from Australia available for New Guinea was only four stoves.

The pre-war value of wearing apparel and textiles imported into Papua - New Guinea was £A175,789 (figures for 1938-39). In addition to the monthly issue of 1-3/4 yards of cheap cotton print to each of 50,000 labourers, as much again or more was sold in trade stores, the bulk coming from Japan.

During the war expensive cotton goods designed for European wear had to be used; but now the price of much material will be prohibitive for both European employer and native purchaser alike.

3. Food, Agriculture, and Forestry

Imports of agricultural products and all kinds of foodstuffs into Papua - New Guinea in 1938-39 were valued at £A449,469. Of this amount, over £A90,000 was accounted for by the purchase of 309,000 centals of rice, used almost exclusively for the feeding of native labourers.

All of the rice was imported from South East Asia, and supplies ceased entirely with the outbreak of the war with Japan. Rice was

/grown

grown in Australia for home consumption. By greatly enlarging her production and forbidding home consumption, the Commonwealth has been able to supply New Guinea's vital needs although at a much greater cost to the consumer.

The value of exports of copra and other agricultural products for the year 1938-39 were as listed below. The two Territories are shown separately, for the reason that the war affected their productive capacity differently. Production in Papua was to a great extent halted during the war, but the plantations largely escaped damage and are rapidly coming into production. In fact, the rubber plantations, being the most important agricultural activity in Papua, have benefited from the enforced rest and rubber production is now greater than it ever was. In New Guinea, however, a number of coconut and cocoa plantations were either cut down in order to make aerodromes or utterly ruined by shell fire and bombing. The present great shortage of native labour affects New Guinea in particular and makes the clearing and cleaning of the other long neglected plantation a very difficult and lengthy task. For the moment, therefore, production can only be expected in Papua.

Exports for Year 1938-39

	PAPUA	Territory of NEW GUINEA
Copra	tons 57,999	727,949
Cocoa	" -	6,580
Dessicated Coconut	" 48,140	69,960
Rubber	" 114,949	4,050
Coffee	" 6,911	-

There was very little export of timber from New Guinea before the war, being mainly a few timbers suitable for veneers. During the war an Army unit made an extensive survey of forest resources, as a result of

/which

which more local timbers than formerly will be used for buildings within the Territories. Imports of timber will still be necessary.

4. Industry and Mining

The mining of gold in Papua - New Guinea was halted by the war. The largest enterprise, the Bulolo Gold Dredging Company which operated ten dredges in the Territory of New Guinea, has been put out of action for some considerable time by the total destruction of the hydro-electric plants which supplied the power and by the burning of all the workshops, aircraft and staff housing. Recovery of the industry everywhere in the Territories will be slow.

Export figures for 1940-41 are as follows:

	£A
Papua	133,341
Territory of New Guinea	2,808,835
Total	2,942,176

The search for oil in Papua - New Guinea has been going on for a number of years. At the outbreak of war one company was test drilling at Kariava, in Papua; but work was halted and certain portions of the machinery were seized for military purposes. Replacements from America are being made but full operations have not yet started.

5. Transport and Communications

The Australia to Papua - New Guinea mail boat service has been reintroduced since the end of hostilities but not as yet with the regularity of the pre-war, three-weekly, round-the-group service.

The greatest loss, as previously mentioned, has been in the fleet of small craft consisting of several hundreds of all tonnages which provided inter-island passenger and cargo services. No early solution to this problem is likely, since the few boat-building yards in New Guinea were destroyed and the two or three yards in Papua are the only ones left.

It is probable that the pre-war aerial services Sydney - Port Moresby - Rabaul will be extended.

During the war a road was built from Lae to the Bulolo gold field

/which is

which is connected by road with the settlement of Wau. It is doubtful, however, if this road will be maintained because of the heavy costs involved.

6. Foreign Trade

Figures for Papua - New Guinea showing the direction of trade for the year 1938-39 are as under:

PAPUA - NEW GUINEA - 1938-39			
COUNTRY		IMPORTS	EXPORTS
Australia	EA	802,699	EA 2,735,677
United Kingdom		211,200	363,445
Other British		93,476	17,630
Europe		99,017	49,046
Japan		61,485	15,027
Asia		108,791	19,853
U.S. of America		339,037	576
Other		139,938	262,799
TOTALS EA		1,855,643	EA 3,464,053

Gold accounted for EA 2,153,018 of the exports to Australia.

7. Finance

Revenue and expenditure for Papua - New Guinea for the year 1938-39, are shown separately for each Territory as Papua was in receipt of a variable annual grant from the Commonwealth while the Territory of New Guinea was self-supporting.

1938-39	
	Revenue Expenditure
Papua	(a) EA165,823 EA166,331
Territory of New Guinea	(b) EA460,836 EA502,580

(a) includes Commonwealth grant of EA42,500

(b) add a surplus from year 1937-38 of EA59,691

At the beginning of the year the amounts owing by the Territories
/for loans

for loans made by the Commonwealth were:

	<u>Amount of Loan</u>
Papua	£A54,083
Territory of New Guinea	£A13,516

With most of the coconut plantations in the Territory of New Guinea out of production, revenue is affected in two ways. There is loss of import duty on all plantation requirements including rice and other labourers' necessities and there is the loss of export duty on copra.

There will be revenue derived from import duty on new machinery for the gold fields but it will be sometime before the 5 percent export royalty on gold is forthcoming. In 1938-39 this royalty amounted to £A107,975.

II. PRESENT DIFFICULTIES AND PLANS FOR THE FUTURE

1. Obstacles to Recovery and Reconstruction

Papua - New Guinea was a battle ground and there was great devastation of European settlements and native villages. Most of the materials to rebuild the European settlements, including working plant of all descriptions, must be imported. Australia, the main source of supply, is herself experiencing a great shortage of precisely the same materials.

Native village dwellings can be rebuilt with great ease, using local materials for all but water storage and other improvements requiring European materials. However, the war destruction of villages caused a considerable dislocation of native populations and re-settlement will not be immediate. As native needs must come first, and as there is an intense war-weariness amongst the people, the European must be prepared for a great shortage of labour for his needs for some time. The two main obstacles to recovery, therefore, are shortages in materials and in labour.

Lack of money will not hinder reconstruction. War damage to European private property, including household effects, amounted to perhaps £A6,000,000. This was all covered by the Commonwealth war damage insurance scheme. The great majority of claims have already been settled.

/However.

However, as has already been pointed out, the difficulty which now faces the individual or firm is the purchase of materials and the securing of native assistance.

Native loss and damage was not covered under this scheme; but a special commission was set up by the Commonwealth and payments are now being made for loss of life, permanent injury and material losses.

2. Total Short-Term Needs

Apart from the temporary shortage of labour, New Guinea's needs are much the same as those of Australia. Building materials, motor transport, replacement parts for foreign machinery and, above all, adequate shipping facilities. New Guinea economy is now part of Australian economy and must be considered in that light.

3. Reconstruction plans

In order to emphasize the extent to which Australia has undertaken the reconstruction of New Guinea, mention should be made of the New Guinea War Pension Scheme. The Japanese captured some hundreds of European civilians in New Guinea, and after the war it was learned that the majority of these were lost being transported to Japan. Although with the exception of permanent officers of the New Guinea service, such people were not covered by any scheme of compensation, the Commonwealth Government is providing for their dependents by the institution of a scheme of New Guinea Civilian War-Pensions.

(a) Assistance in Production

The Australian New Guinea Production Control Board, created in the Territories during the military occupation to secure the greatest possible production of vitally needed copra and rubber, has been continued in a new form to assist generally in the rehabilitation of the Territories and particularly to facilitate and expedite the reoccupation of plantations.

/(b) Rebuilding

(b) Rebuilding of Settlements

Arrangements have been made with the Commonwealth Department of Works and Housing to undertake the rebuilding of settlements in the Territories and already town planning and redesigning of such areas is in hand. Roads, aerodromes, wharves and other public utilities constructed for military needs require to be reconditioned on a permanent basis where they are suitable for the civilian needs of the Territories.

(c) Forestry Resources

While the Territories have large supplies of timber much of which is commercially valuable, they do not possess forests which will bear unlimited and uncontrolled cutting. It is considered that with proper regulation a substantial timber industry could be developed, not only to supply local requirements but for export purposes. An important feature in regard to timber is the preservation of native rights and requirements.

Plans have been formulated for a long-term timber industry and for replacement by reforestation. Pending completion of these plans the export of timber from the Territories has been prohibited temporarily; and only cutting for local needs is permitted.

(d) Prospecting for Oil

The Commonwealth Government is continuing the search for oil, using the best technical resources. Immediately prior to the outbreak of the Japanese war considerable assistance had been given to companies searching for oil. Further assistance has now been given to these companies to resume their operations and, in addition, the Government proposes to concentrate on geological and allied surveys by direct expenditure through its own staff and to produce maps and data which will be freely available.

(e) Communications

It is planned to make greater use of radio communication in

/the future

the future than was done in the past. The Territories Administration will make extensive use of the broadcasting network operated by the Australian Broadcasting Commission in Port Moresby, in conjunction with the Postmaster-General's Department. A special feature will be programmes for the natives in English and in native languages.

(f) Aviation and Shipping Service

Already there is a regular four-days-a-week aviation service between Australia and New Guinea and it is proposed that there should be within the Territories such air services as are necessary to the needs of the area. A regular shipping service between Australia and New Guinea is under consideration.

(g) Rehabilitation of Ex-servicemen

The benefits of the Commonwealth Government's scheme for the repatriation and rehabilitation, including training, of ex-servicemen are being applied to residents of the Territories with special provision for natives who served as members of the armed forces, in the Police Force; or as labourers for the Army.

(h) Rehabilitation and Advancement of Natives

Progress has been made with the Government's plan for the rehabilitation of the natives. Labour conditions have been drastically revised by the raising of wages, shortened hours of work, improved rations and reduction of the length of time the labourer may be absent from his home. Trade requirements, such as clothing and steel goods, are now sold only by licensed traders at prices fixed by the Government.

Mention has been made of the War Compensation Scheme under which payments are now being made for deaths, permanent injuries and material losses caused by either enemy or allied action during the war.

(i) Health, Education and Agriculture

The scheme for the health service of the Territory makes

/provision

provision for the training and use of natives in the practice of medicine. In January 1947, the first New Guinea natives to be trained as medical practitioners will commence their studies at the Central Medical School at Suba, in the Fiji Islands.

A newly appointed Director of Education has commenced duty in Port Moresby and is working on a co-ordinated plan of native education.

The immediate aims of the reconstructed and greatly enlarged Department of Agriculture, Stocks and Fisheries are the improvement of nutrition and living standards, by teaching and encouraging the natives to take full advantage of the potential marine, plant and animal wealth of their country.

The importation from Australia of breeding pigs would be of great value as Japanese troops killed off the majority of all domestic pigs in the territory of New Guinea.

(j) Funds

The Commonwealth Government has declared that it is incumbent on the Australian Government and the Australian people to see that the necessary funds are forthcoming to develop New Guinea. The present revenue of Papua - New Guinea is insufficient to meet ordinary administrative expenses, to say nothing of the costs of rehabilitation and the schemes for development. The situation is being met by the Commonwealth Department of Post-War Reconstruction, which is providing sums of money, which dwarf pre-war Papua - New Guinea expenditure.
