"100 DAY PLAN TO KICKSTART ALOTAU ACCORD 2"

MEDIA STATEMENT

The Deputy Prime Minister and Treasurer, Hon Charles Abel, announced today that the National Executive Council has approved a 25 Point 100 Day Economic Stimulus Plan.

It is apparent that after a period of elevated economic growth from the construction phase of the PNG LNG Project and then the expansionary fiscal policy (increased spending) by Government from 2012 - 2015, the PNG economy is experiencing a temporary slowdown in growth.

The downturn is a consequence of a slowing global economy and lower export prices, particularly oil & gas, resulting in lower than expected government revenues, the extended impact on Ok Tedi due to the El Nino and rising government costs.

The Mid Year Economic Fiscal Outlook Report by the Department of Treasury has highlighted that these issues could lead to a significant increase in the budget deficit to 3.8% and the debt to GDP ratio to 34% by year end 2017.

There are ongoing concerns about the liquidity of the foreign exchange market and some of the proposed legislative amendments are constraining business and affecting confidence. Some government services are being affected.

Whilst the medium term outlook is positive, the Government is determined to undertake some particular immediate interventions after consultations with Government Agencies, Development partners and the business community. These interventions are categorized as follows:

✓ Maintain Fiscal Discipline and Boost Foreign Exchange;
✓ Growing Our Revenues;
✓ Strengthening Our Economic Base;
✓ Improving Our Governance Record;
✓ Acting Strategically

"I would like to point out that Government revenues as a percentage of GDP have fallen over the last 10 years whilst costs have risen. Further, there remains the fundamental structural issues in our economy of over reliance on the extractive industries, global commodity prices and an over reliance on imports for our basic needs like fuel and food. Imports of fuel and rice are the greatest consumers of foreign exchange. We need to overhaul the tax system to simplify it, make it fairer and easier to collect what is due. We need to move to self-reliance by generating our own energy from our own oil, gas, and hydro. We need to grow our own rice or find a locally sourced alternative." said the Deputy Prime Minister and Treasurer.

ENHANCING MACROECONOMIC AND FISCAL MANAGEMENT, RESTORING CONFIDENCE AND GENERATING INVESTMENT

1) 2017 Supplementary Budget
   i) Achieve 2.3% deficit to GDP target
   ii) Achieve 3% debt ratio target
2) 2018 Budget and Medium Term Fiscal Strategy (with 2018 Budget)
3) Strengthen Government payroll management by implementing the Organisation Staffing and Personnel Emoluments Audit Committee (OSPEAC) recommendations coupled with compulsory National Identity (NDI) for public servants
4) Reduction of PSP and DSP but maintenance of WSIP
5) Debt restructuring and foreign exchange
   i) Drawdown of balance of Credt Suisse Loan
   ii) Access World Bank and Asian Development Bank budget support funding by March 2018
6) Import replacement and foreign exchange
   i) Oil Search to provide 30% crude oil to Napa Napa in Kimia
   ii) Transition to Gas, locally produced, to fuel PNG
   iii) Implement rice import quota scheme to encourage local production
   iv) BPNG direct intervention of US$150m over three months (100 days)

GROWING OUR REVENUES

7) Non-tax revenue agencies to remit 95% of collections to Consolidated Revenue Fund
8) Tax regime reform
   i) Simplify, modernise, leverage strengths of banking system
   ii) Implement approvals received from NEC
9) Establish revenue taskforces for: (i) Lands; (ii) Customs & Inland Trade and (iii) Company Income Tax to structure a plan to collect outstanding taxes, fees and other charges.
10) Compulsory TIN registration
    i) TIN requirement for company bank account opening;
    ii) Freeing of bank accounts for companies without a TIN after a grace period of 100-days
    iii) Sweep of bank accounts being used to conduct business

STRENGTHENING OUR ECONOMIC BASE

11) Ministerial Economic Committees through the National Energy Authority and Mineral Resource Authority to drive major new resource projects:
    i) Wull-Golpu project early works;
    ii) FEED for PNG LNG Project expansion in 2018;
    iii) Early works for Papua LNG
    iv) pre-FEED for Western LNG announced in Dec-2017
12) Launch of new Australian grant funded projects
    i) PNG-Australia Economic and Social Infrastructure Program
    ii) AMSA hospital re-development Design
    iii) Tabububuk Project co-funded with World Bank
13) Powering PNG
    i) 5MW POY Gas Power Plant ground-breaking
    ii) 3MW POY Biomass (Markham) Project FID announcement
    iii) Romu & 180MW Hydropower Plant FID (no State Guarantee)
    iv) 160MW Biogas Plant (no State Guarantee)
    v) Hela Gas Solution
14) High impact projects
    i) International gateway submarine cable from Sydney to Port Moresby; World Bank and Australian Government financing in place
    ii) Pacific Marine Industrial Zone
    iii) Lae power station
    iv) Commence implementation of Highlands Highway Upgrade Project co-funded by Asian Development Bank and Australian Government, early 2018
15) Gerehu Stage 200 Land & Home Affordability Packages Launch
    i) Final 350 lots (of 1,762 lots) released to RSP Bank for mortgage loans
17) Major hospitals development program
    i) Enga Provincial Hospital construction commencement
    ii) M. Hagen Provincial Hospital Redevelopment PPP (Government approval & FID mid 2018)

IMPROVING OUR GOVERNANCE RECORD

16) Procurement
    i) Eliminate tied financing in favour of financing open competitive bid procurement processes
    ii) Review and bring forward the National Procurement Authority Bill to Parliament
19) Audited accounts for SOEs and Statutory Authorities for the last financial year to be produced and tabled in Parliament by June 2018
20) Ensures all public bodies have their prescribed boards in place in accordance to law
21) Freeing up resource landowner benefits
    i) PNG LNG landowner royalties
    ii) Ok Tedi Community Mine Continuation Agreements benefits

ACTING STRATEGICALLY

22) Suspend and review proposals:
    i) to amend the Lands Act;
    ii) to amend the IPA Act;
    iii) for the proposed Agriculture Administration Adjustment Act, the proposed Agriculture Investment Act and the proposed Biosecurity Act;
    iv) for proposed amendments to the Mining Act and the Mineral Resources Authority
23) National Energy Authority Bill to be presented to Parliament
24) Sustainable population
    i) Launch Volume 2: Implementation Schedule of the Population Policy
    ii) Fully fund program in 2018
25) 5-year Medium Term Development Plan 3 incorporating the UN Sustainable Development Goals and the Government’s Aotou Accord 3, to be published by mid-2018

HON. CHARLES ABEL, MP
Deputy Prime Minister & Treasurer