



2007 SUPPLEMENTARY BUDGET PRESS RELEASE: SHARING THE BENEFITS OF THE COMMODITY PRICE BOOM ACROSS PNG: DISTRICT LEVEL INFRASTRUCTURE IMPROVEMENTS

In releasing the 2007 Supplementary Budget, the Minister for Treasury and Finance Patrick Pruaitch said that the Government is very keen to ensure that the entire population spread throughout PNG shares in the benefits arising from the commodity price boom. He said that this includes the vast bulk of the population that lives in rural areas.

In allocating additional revenue in 2007 of K1,637 million, the Government had decided to allocate a total of K893 million for the maintenance and development of public infrastructure. Minister Pruaitch said that this represents a large investment in providing for the future capability of PNG and that these funds will add substantially to the unspent funds of around K700 million currently in trusts that are available for infrastructure improvements in PNG.

Of the K893 million allocated to infrastructure in the 2007 Supplementary budget, the Government has decided to make K356 million available to all provinces. Each of the 89 Districts will be provided with K4 million each to supplement the District Service Improvement Programs for health, water supply, law and justice, and education. This compares with the initial allocation of K400,000 to each district.

This represents a very substantial increase in funding directly available to provinces. Minister Pruaitch indicated that these funds will allow people at the grass roots level to have a say in determining the greatest areas of need in relation to infrastructure improvements in their own districts. Minister Pruaitch said that it is the people at the community level who have the best understanding of their greatest needs.

With such a large increase in funds available to the Districts, there must be a corresponding increase in accountability by the Districts, to ensure the funds are well spent. The Government calls on all Open Members of Parliament to ensure their District administrations are organized to both deliver on projects and report on them as well, to meet their Public Accountability requirements.

To help ensure the funds are spent effectively, the funds have been placed in trusts, to be drawn down as spending plans are gradually developed and implemented. This spending is therefore likely to be spread out over time, depending upon the capacity of districts to spend this large increase in funds effectively. This staggering of actual expenditure should assist to keep inflationary pressures in check.

Minister Pruaitch commented that the allocation of these substantial infrastructure improvement funds directly to provinces indicates the determination of the Government to ensure the delivery of better services at the community level right throughout PNG.

The 2007 Supplementary Budget Speech is available on the Treasury website:
www.treasury.gov.pg