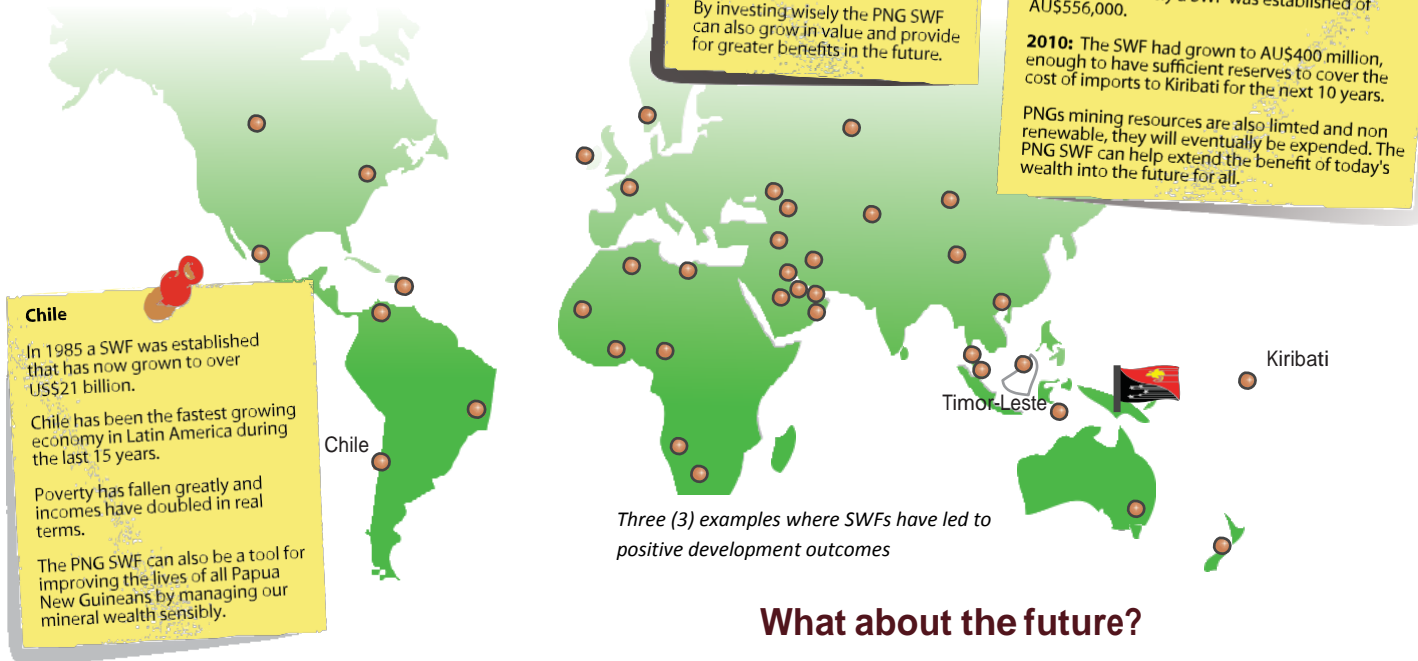


Is the concept proven Worldwide?

Yes. Nearly 40 nations around the world have Sovereign Wealth Funds. It is time for PNG to also benefit from this well-established practice of managing resource wealth.



How will it be transparent?

The PNG Sovereign Wealth Fund will be subject to strict rules based on international best practice for transparency and accountability.

All expenditures from the PNG Sovereign Wealth Fund will be undertaken through the normal budgetary process and disclosed in publicly available budget documents.

An independent PNG Sovereign Wealth Fund board, when in place, will also make all information related to fund investments available to the public. The Board will ensure that the assets in the SWF are invested without any bias and only for the benefit of the Fund.

What about the future?

PNG's mining and petroleum resources may one day be exhausted. We cannot forget that they are limited and non renewable.

Therefore the primary focus for managing the PNG Sovereign Wealth Fund will be to protect the value of our national mining and petroleum earnings while also ensuring that they gain value. The investment strategy will be conservative, to make sure that the assets are retained for the future.

This publication has been authorised by the SWF Secretaries Committee

For more information, please visit:

http://www.treasury.gov.pg/html/public_debt/swf.htm

<http://www.bankpng.gov.pg/joint-sovereign-wealth-fund.html> or

Contact SWF Implementation Secretariat on phone 343 7152 / 343 7155 / 323 5600 or email swfforum@treasury.gov.pg on PNG SWF matters.



A Sovereign Wealth Fund for all PNG



To safeguard public mining and petroleum resource revenues for development of PNG

What is a Sovereign Wealth Fund?

A *Sovereign Wealth Fund* is a savings account in which a nation saves surplus current revenues in a way that supports future public spending and investment, by growing those funds in financial assets.

Many countries around the world have Sovereign Wealth Funds, especially those with national revenues and incomes coming from natural resources, like PNG. Both wealthy (Norway) and small, low-income countries (Timor-Leste) have Sovereign Wealth Funds.

Building on this international experience, it is time for PNG to also use this widely accepted mechanism to help transform its great natural resource wealth into better development outcomes.

How will it help PNG?



1. **Smooth out large or wide variations in revenue inflows to the National Government Budget, that are associated with exports.**



2. **Provide funding for spending on social and economic development programmes in PNG.**



3. **Save and grow extra money in global markets to benefit current and future generations.**

How will it operate?

All withdrawals from the Fund will be accounted for in the National Budget and approved by Parliament. Spending will focus on the provision of infrastructure development and the delivery of socioeconomic services vital for the advancement of PNG. The PNG Sovereign Wealth Fund will be managed in PNG, invested overseas to grow and then spent in PNG.



How will it affect prices?

In the first half of the 1990s, the mineral boom associated with production from the Misima, Porgera, Kutubu, Tolukuma and Ok Tedi projects increased export earnings, incomes and consumption in PNG. This caused rapid increases in the prices of food, fuel and other essential products.

The PNG Sovereign Wealth Fund can help reduce local price increases by controlling the flow of money into our economy and reducing rapid inflation.

How will it help our farmers?

The past mineral boom caused the exchange rate to rise. This meant our farmers earned less for their cocoa, coffee, copra and palm oil.

The PNG Sovereign Wealth Fund avoids inflows of large amounts of foreign currency but allows these funds to be brought onshore in a controlled and manageable lots thereby reducing upward pressure on the Kina exchange rate.



Are the funds safe from misuse?

The PNG Sovereign Wealth Fund will be overseen by an independent board and auditors, and governed by an Organic Law that allows close monitoring of the Fund's operations. This prevents the drawdown rules from being changed regularly and limits any possible exposure to misuse and corruption.

