



“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 constricting 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.




HON. CHARLES ABEL, MP
 Deputy Prime Minister & Treasurer

ENSURING SOUND MACROECONOMIC AND FISCAL MANAGEMENT, RESTORING CONFIDENCE AND GENERATING INVESTMENT

MAINTAIN FISCAL DISCIPLINE AND BOOST FOREIGN EXCHANGE	
1) 2017 Supplementary Budget	<ul style="list-style-type: none"> i) Achieve 2.5% deficit to GDP target ii) Achieve 30% 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 (NID) for public servants	
4) Reduction of PSIP and DSIP but maintenance of WSIP	
5) Debt restructure and foreign exchange	<ul style="list-style-type: none"> i) Drawdown of balance of Credit Suisse Loan ii) Access World Bank and Asian Development Bank budget support funding by March 2018
6) Import replacement and foreign exchange	<ul style="list-style-type: none"> i) Oil Search to provide 50% crude oil to Napa Napa in Kina ii) Transition to Gas, locally produced, to fuel PNG iii) Implement rice import quota scheme to encourage local production iv) BPNG direct intervention of US100m over three months (100 days)
GROWING OUR REVENUES	
7) Non-tax revenue agencies to remit 90% of collections to Consolidated Revenue Fund	
8) Tax regime reform	<ul style="list-style-type: none"> i) Simplify, modernise, leverage strengths of banking system ii) Implement approvals received from NEC
9) Establish revenue taskforces for: (i) Lands; (ii) Customs & Illicit Trade and (iii) Company Income Tax to structure a plan to collect outstanding taxes, fees and other charges.	
10) Compulsory TIN registration	<ul style="list-style-type: none"> i) Joint TIN and IPA certificate issuance; ii) TIN requirement for company bank account opening; iii) Freezing of bank accounts for companies without a TIN after a grace period of 100-days iv) Sweep of bank accounts being used to conceal business income
STRENGTHENING OUR ECONOMIC BASE	
11) Ministerial Economic Committee through the National Energy Authority and Mineral Resource Authority to drive major new resource projects:	<ul style="list-style-type: none"> i) Wafi-Golpu project early works; ii) FEED for PNG LNG Project expansion in 2018; and iii) Early works for Papua LNG iv) pre-FEED for Western LNG announced in Dec-2017
12) Launch of new Australian grant funded projects	<ul style="list-style-type: none"> i) PNG-Australia Economic and Social Infrastructure Program ii) ANGAU Hospital re-development Design iii) Tuberculosis Project co-funded with World Bank
13) Powering PNG	<ul style="list-style-type: none"> i) 58MW POM Gas Power Plant ground-breaking ii) 30MW PNG Biomass (Markham) Project FID announcement iii) Ramu II 180MW Hydropower Plant FID (no State Guarantee) iv) Naoro Brown 80MW Hydropower Plant (no State Guarantee) v) Hela Gas Solution
14) High impact projects	<ul style="list-style-type: none"> i) International gateway submarine cable from Sydney to Port Moresby: World Bank and Australian Government financing in place ii) Pacific Marine Industrial Zone iii) Sepik Plains Agriculture Project
15) Commence implementation of Highlands Highway Upgrade Project co-funded by Asian Development Bank and Australian Government, early 2018	
16) Gerehu Stage 3B Land & Home Affordability Package Launch	<ul style="list-style-type: none"> i) First 300 titles (of 1,762 allotments) released to BSP Bank for mortgage loans
17) Major hospitals development program	<ul style="list-style-type: none"> i) Enga Provincial Hospital construction commencement ii) Mt. Hagen Provincial Hospital Redevelopment PPP (Government approval & FID Mid 2018)
IMPROVING OUR GOVERNANCE RECORD	
18) Procurement	<ul style="list-style-type: none"> 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) Ensure all public bodies have their prescribed boards in place in accordance to law	
21) Freeing up resource landowner benefits	<ul style="list-style-type: none"> i) PNG LNG Landowner royalties ii) Ok Tedi Community Mine Continuation Agreements benefits
ACTING STRATEGICALLY	
22) Suspend and review proposals:	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> i) Launch Volume 2: Implementation Schedule of the Population Policy ii) Fully fund the program in 2018
25) 5-year Medium Term Development Plan 3 incorporating the UN Sustainable Development Goals and the Government's Alotau Accord 2, to be published by mid-2018	