



PRESENTATION AT

2019 PNG Update “DEVELOPMENT & DIVERSITY” Forum

Performance of Development Budget 2012 -2018 AND MTDP III Implementation Plan (2018-2022)

Hon. Richard Maru, MP
Minister for National Planning



“PNG... EM Mi yAH!”

Strategy for Responsible Sustainable Development (StaRS)

visit: www.pngstars.org or www.planning.gov.pg



Introduction

- ▶ Today PNG cannot meet the demands and needs of the current population and its development needs, because of its very low revenue base despite our rich natural environments.
- ▶ Revenue trending annually at K10.9 Billion in the last 5 years.
- ▶ Population growing at the rate of 3.1 per cent
- ▶ Increased life expectancy {average age from 55 at independence to 65 years}
- ▶ Unemployed and unskilled youth population (80% of grade 10/12 graduates)
- ▶ Increase in Rural urban migration
- ▶ 10 per cent in formal SME while 75% of population engaged in informal sector.
- ▶ 80+ per cent of people still living in rural settings and livelihood

Social Indicators

- ▶ Human Development Index 154/188
- ▶ Maternal Mortality Rate = 217 per 100,000 live births
- ▶ Infant Mortality Rate = 44 per 1000 live births (MTDP III Target = 17 per 1000 live births)
- ▶ Immunisation Coverage = 30% (Global Standard = 80%)
- ▶ Policing = 1:1500 (1:300)
- ▶ WaSH = 40% Access to Safe Water, 15% Access to safe sanitation
- ▶ Teacher -Student Ratio = 1:37 (Target 1:30)
- ▶ Doctors per person = 1 :17,000 (Australia 1 to 2.5; Fiji 1:1000)

Economic Indicators

- ▶ Income Per Capita USD 2500
- ▶ National Income (GDP) =
- ▶ Debt to GDP Ratio = 31.8% (2019)
- ▶ SME = 49, 500 and contribute only 10% to GDP
- ▶ Business in Foreign Hands = 90% (10% in National hands)
- ▶ Access to Credits by SME = 5.4% (94.5% no credits access)
- ▶ Informal Sector = K12.0 billion and growing - 20% of GNP
- ▶ Access to reliable power = 17% of population have access to electricity
- ▶ Access to Broadband Internet = 16% (MTDP III Target = 80%)
- ▶ Tourist visit to PNG = 197,632 (2016) MTDP Target = 385,470
- ▶ Total length KM of National Roads = 8740 km , MTDP Target = 15,000
- ▶ High cost electricity
- ▶ High cost of communication

Development Aspirations

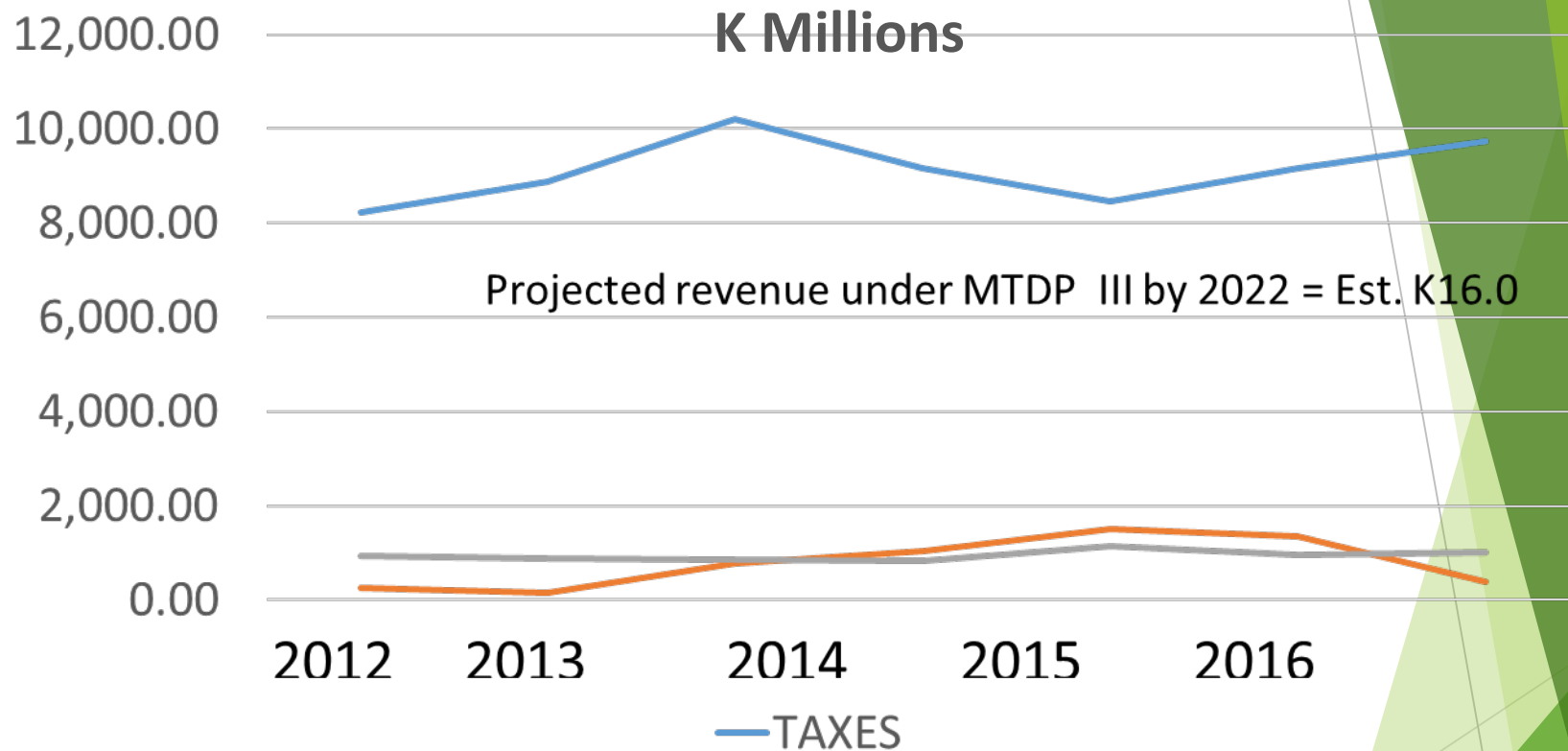
- ▶ Vision 2050 - Becoming Smart, Wise, Fair, Healthy, Happy Society by 2050.
- ▶ PNGDSP 2030 - Become Middle Income Country by 2030
- ▶ Marape-Davis Government Development Statement:
 - ▶ Take Back PNG
 - ▶ Make PNG Richest Christian Black Nation within 10 years.
 - ▶ Leave no Child Behind

MTDP III TARGETS

- ▶ SECURING OUR FUTURE THROUGH INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH.
- ▶ SPEND K27.2 Billion in Capital Investment for the next Five years {2018-2022}
- ▶ Result in Growing Internal Revenue from K10.0 billion to K16.0 billion by 2022.

Total Revenue (Tax, Non-Tax & Grants) Trend 2012 -2018

K Millions



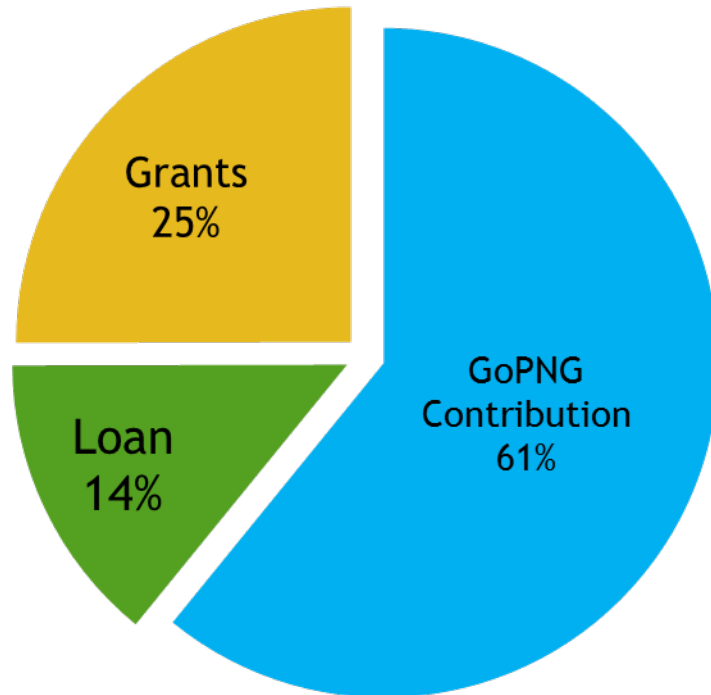
Source: National Budget 2012-2018, Department of Treasury and Department of National Planning & Monitoring

Revenue Vs Expenditure (2012 - 2018)

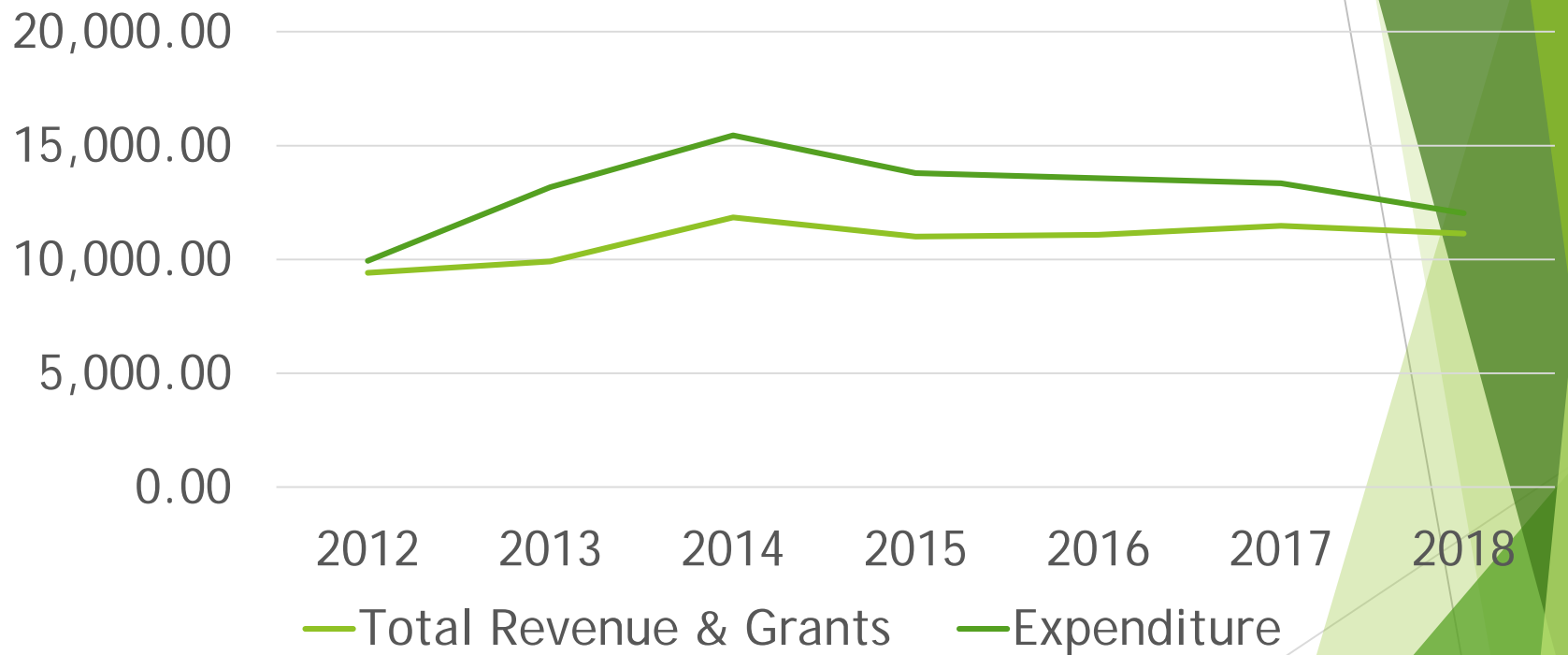
	2012	2013	2014	2015	2016	2017	2018
TAXES	8,218.90	8,888.60	10,200.40	9,157.60	8,453.20	9,158.20	9,729.90
Non Tax Revenue	269.1	140.3	775.3	1,026.00	1,495.00	1,346.90	384.30
Grants	930.8	877.5	867.5	819.5	1,134.10	968.1	1,024.60
Total Revenue Excl. Grants	8,488.00	9,028.90	10,975.70	10,183.60	9,948.20	10,505.10	10,114.20
Total Revenue & Grants	9,418.80	9,906.40	11,843.20	11,003.10	11,082.30	11,473.20	11,138.80
Expenditure	9,943.03	13,175.53	15,453.90	13,788.90	13,567.60	13,349.70	12,033.30
Recurrent	5,505.83	7,379.73	7,983.30	10,065.40	11,156.60	12,005.10	10,433.80
Development	4,437.20	5,795.80	7,470.60	3,723.50	2,411.00	1,344.60	1,599.50

Source: National Budget 2012-2018, Department of Treasury and Department of National Planning & Monitoring

Source of Funding for Development (Capital Investment) 2012-2018



Actual Expenditure Against Actual Revenue (2012 to 2018)

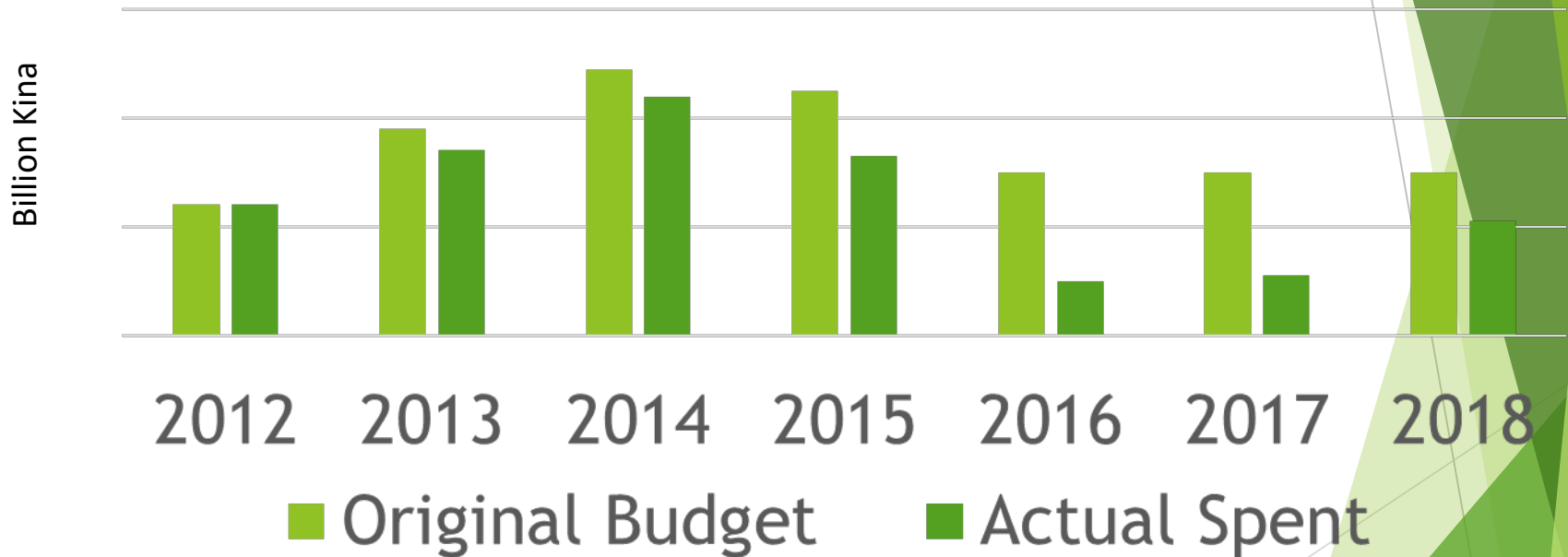


Development Budget (2012 - 2018)

FINANCIAL YEAR	Original Budget	Revised Budget	Warrants YTD	Actual Spend	Unspent Warrants
2012	2,432,900,000	2,437,167,300	2,435,667,300	2,379,461,414	56,205,886
2013	3,812,234,000	3,898,334,000	3,848,471,100	3,421,162,751	427,308,349
2014	4,914,620,000	4,528,248,500	4,453,362,052	4,467,582,145	(14,220,092)
2015	4,495,150,000	3,723,500,234	3,648,232,867	3,304,150,984	344,081,883
2016	3,033,700,000	2,425,507,161	1,391,982,161	1,045,612,401	346,369,760
2017	2,585,360,000	1,391,335,000	1,206,295,000	1,148,138,907	58,156,092
2018	3,025,420,000	2,831,114,000	2,520,212,282	2,154,788,804	365,423,477
GRAND TOTAL	24,299,384,000	21,235,206,195	19,504,222,762	17,920,897,407	1,583,325,355

Source: National Budget 2012-2018, Department of Treasury and Department of National Planning & Monitoring

Actual Spending Against Original Budget Development Budget Appropriation (2012-2018)



Source: National Budget 2012-2018, Department of Treasury and Department of National Planning & Monitoring

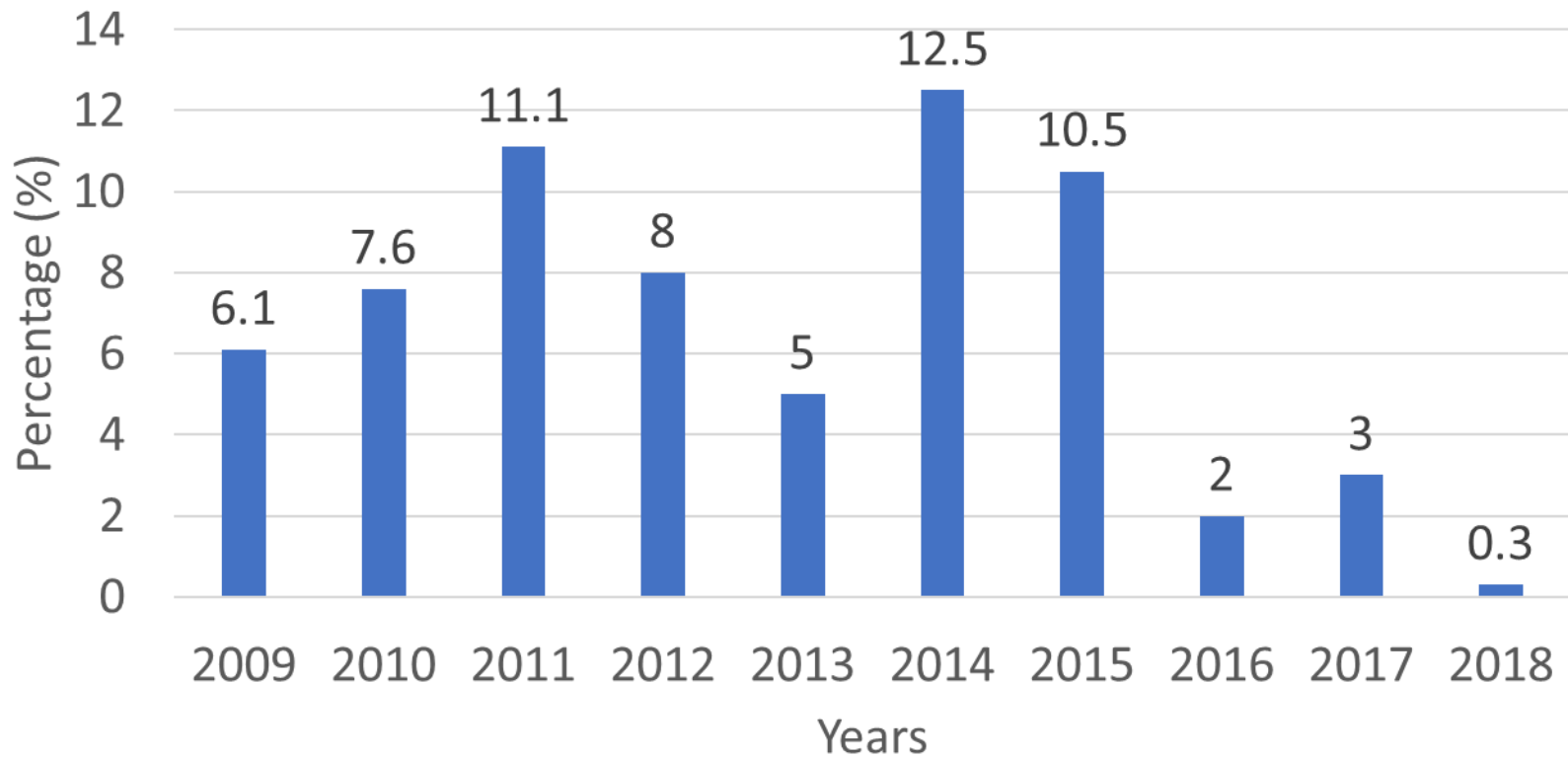
2019 Budget

- ▶ Total Revenue = K14.2668 Billion
- ▶ Expenditure = K16.1336 Billion
- ▶ Deficit = K1.86 Billion
 - ▶ Donor Contribution (Grants) = K800.0 Million
 - ▶ Debt = K1.8 Billion

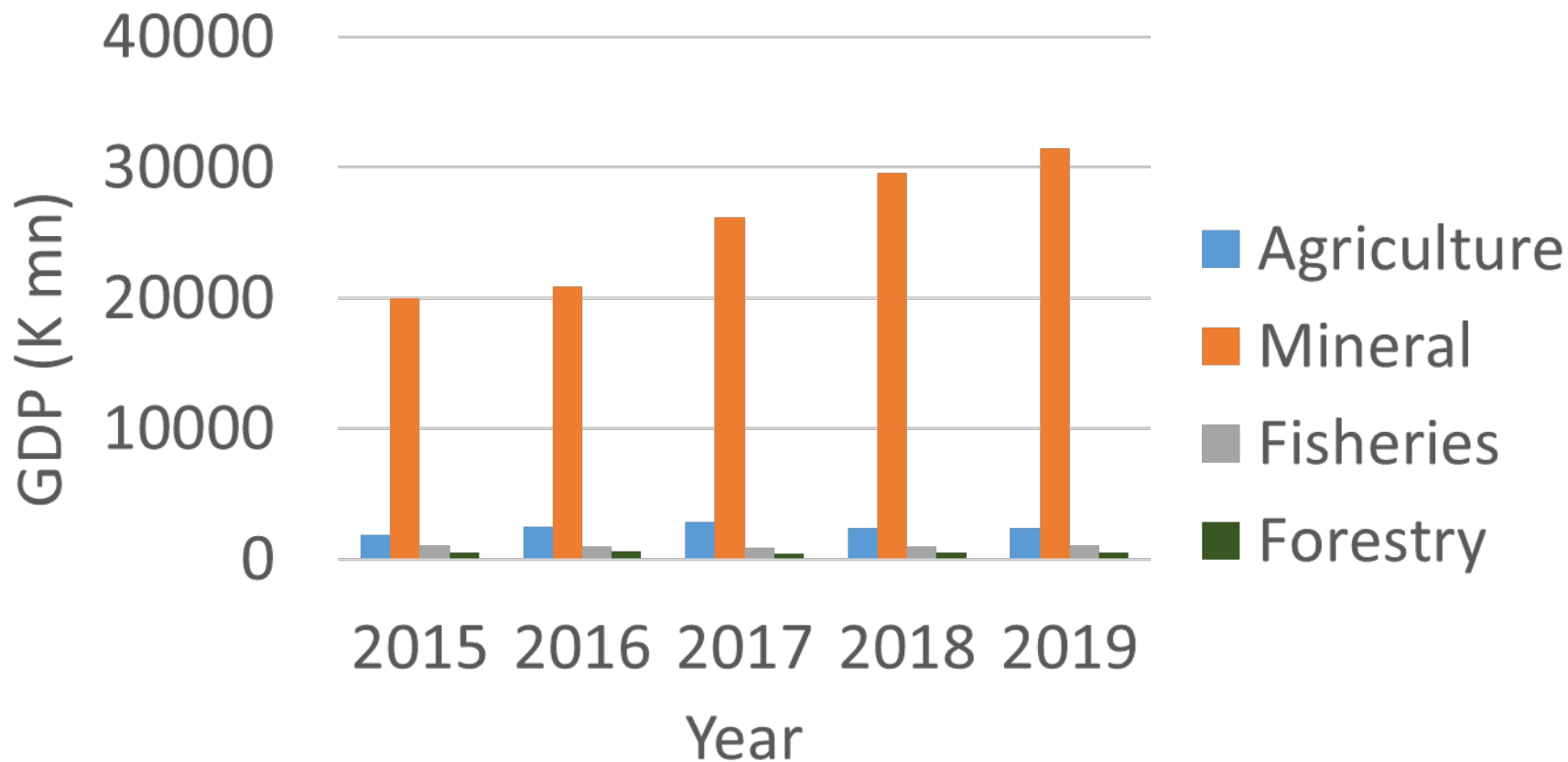
Government Interventions must be focused on the following areas:

1. Growing the Economy
2. Increase Internal Revenue
3. Increase Employment
4. Improve lives of our People

PNG GDP ANNUAL GROWTH RATE



GDP Contribution by sector (K mn)



Key projects to be immediately implemented in 2019/2020

1. Wapi Golpu Mining
2. Papua LNG Project
3. Review of Porgera Special Mining Lease (SML)
4. Review of Ramu Mining Lease (SML)
5. 2nd Dairy Farm in Lae
6. Baiyer Rice Project
7. Pacific Maritime Industrial Zone
8. Abau Sugar Project
9. Sepik Plain Oil Palm, Cattle, Chicken Grain and Cocoa Innovation Project
10. Pangia Potato Chips Factory

Other MTDP III - Interventions

- a) National and District Roads
- b) Missing Link Roads
- c) Wharves (Vanimo, Wewak, Manus, Kikori)
- d) National Airports and Rural Airstrips/ Nadzab, Wewak and Tokua
- e) Electrification Program rollout
- f) Communication Network/ Broadband rollout

- **Social Sector**

- Complete the Western Pacific University
- Complete the Angau Cancer Unit
- Boram General Hospital
- Port Moresby Heart and Cancer Unit
- Central Provincial Hospital
- Enga Hospital Under Construction
- Complete the New National and Supreme Court Building
- Complete the New Court House in Wewak

PNG Development Cooperation Policy 2018-2022

GOAL

To ensure that development cooperation resources make maximum contribution to the achievement of PNG's MTDP III and supporting national and sector policies and plans.

Alignment to
MTDP III

50% on
Infrastructure

Institutional
Strengthening

DP Portfolio
Dialogues

Respect
Government
Process

SME Sector Growth Strategies

- ▶ Pass Foreign Investment Regulatory Bill in 2019 to bring back Reserve Business by way of legislation
- ▶ Partially Privatised NDB and Upscale NDB into fully fledged Commercial Bank
- ▶ Set up and operate the proposed Credit Guarantee Corporation.

Key strategies to grow the economy

1. Progress immediate Intervention projects. {PAPUA LNG, WAPI GOLPU, POGERA AND RAMU PROJECTS}
2. Attract over 200 plus investors {2019-2022} focusing on Agriculture, Manufacturing and Tourism
3. Immediately develop relevant policies and enact enabling Legislation including incentives to attract investors (tax holidays and under special economic zones)
4. Deliver critical enabling infrastructures to stimulate economic growth. Eg. Gulf - SH Highway, PMIZ etc...
5. SME Development Programs {Incubation centres and Credit Guarantee Corporations}
6. Immediately Pass Legislation {Foreign Investment Regulatory Bill}
7. Tax Credit Infrastructure Projects Rollout
8. Reinforce 50% of assistance from Development Partners contribution to infrastructure developments.
9. Ban round logs exports by 2020
10. Introduce export taxes on all Primary or unprocessed exports like fish, cocoa, minerals etc... by 2020
11. Increase Royalties payable to the state for all mining and petroleum resources developments.
12. Move PMIZ Project under the ownership and development by NFA in Joint Venture with PNG Ports Ltd and not DCI.

Special Economic Zones

Item	Location	SEZ focus
1	Manus Province	General
2	Vanimo	Free Trade Zone
3	Daru and South Fly	General
4	Kikori to Hides	Oil/Gas
5	Finschhafen	Technology Free Zone
6	NCDC	General
7	Central Province	General
8	Madang	Marine Park/ Tourism
9	Goroka	Agriculture Park
10	Waghi Valley	Coffee/Tea
11	Gazelle Peninsula	Tourism
12	Buina Boarder	General / Tourism / Border / Industries
13	Nadzab	General
14	Miline Bay and Oro Provinces	Toursim
15	New Ireland Province	Martime/ Tourism
16	Sepik Plain	General
17	Kimbe to POMIO, South Coast	Agriculture / Tourism

Conclusion

1. Progress immediate Intervention projects. {PAPUA LNG, WAPI GOLPU, POGERA AND RAMU PROJECTS}
2. Attract over 200 plus investors {2019-2022} focusing on Agriculture, Manufacturing and Tourism
3. Immediately develop relevant policies and enact enabling Legislation including incentives to attract investors (tax holidays and under special economic zones}
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Conclusion Continued....

9. Ban round logs exports by 2020
10. Introduce export taxes on all Primary or unprocessed exports like fish, cocoa, minerals etc... by 2020
11. Increase Royalties payable to the state for all mining and petroleum resources developments.
12. Immediately progress the construction of the Pacific Marine Industrial Zone
13. Partial Privatisation of NDB to become competitive in banking for lending to SMEs and progress toward a fully pledged Commercial Bank.
14. Reduce cost of doing business in PNG by:
 - i) Reduce cost of Airfares and Shipping
 - j) Cost of Communication
 - k) Cost of Energy / Electricity
 - l) Accommodation (Hotels, Lodges and Rental Accommodations)



Thank you

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