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
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

Projected revenue under MTDP III by 2022 = Est. K16.0

Source: National Budget 2012-2018, Department of Treasury and Department of National Planning & Monitoring
## Revenue Vs Expenditure (2012 - 2018)

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

*Source: National Budget 2012-2018, Department of Treasury and Department of National Planning & Monitoring*
Source of Funding for Development (Capital Investment) 2012-2018

- GoPNG Contribution: 61%
- Grants: 25%
- Loan: 14%
Actual Expenditure Against Actual Revenue (2012 to 2018)
## Development Budget (2012 - 2018)

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

*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
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
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.
SME Sector Growth Strategies

- Pass Foreign Investment Regulatory Bill in 2019 to bring back Reserve Business by way of legislation
- Partially Privatise 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

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

www.planning.gov.pg