



SHADOW MINISTER FOR TREASURY & FINANCE

PO Parliament House

Waigani.NCD

m: +675 71111777

e: chairman@kdda.gov.pg

2018 Budget Must Focus on Inclusive Growth

“PNG's recent income growth performance has been quite poor. Looking ahead, the story is still of negative growth after allowing for population growth. The 2018 Budget must focus on building inclusive growth for the people of PNG” These remarks were made by the Shadow Minister for Treasury and Finance, Ian Ling-Stuckey, at the 7th preliminary meeting of the Kavieng district development board at Tunung island, New Hanover on Wednesday 8th November 2017.

Mr Ling-Stuckey said the National Alliance Party during 2003-2012, had a proud record of high rates of growth in those parts of the economy that affect most people in PNG. With limited statistics, the best measure of inclusive income growth is real non-resource GDP per capita growth rates. This is a true measure of economic incomes and welfare in PNG. This measure excludes the effects of the resource sector which benefits few directly, removes the effect of inflation, and allows for population growth. From 2003 to 2012 under the National Alliance, growth in incomes totalled 22 per cent after allowing for inflation and population growth. Since 2012, incomes have started falling. However, expert commentators such as the UPNG and ANU consider the growth performance has been even worse - much worse.

The Shadow Treasurer said “Expert commentators tend to agree with the experience of average Papua New Guineans – things have been really, really tough and going backwards for many in recent years. Businesses report big drop in sales revenues, jobs growth has been going backwards and unable to employ all the recent school and university leavers, imports have dropped back to levels from a decade ago, tax revenues in areas linked to the economy have been falling dramatically. The economy has been in recession far longer than the government realized and worse, was willing to admit. As stated by the

Opposition Leader Patrick Pruaitch 'it seems like the economy has virtually fallen off a cliff under the present government'

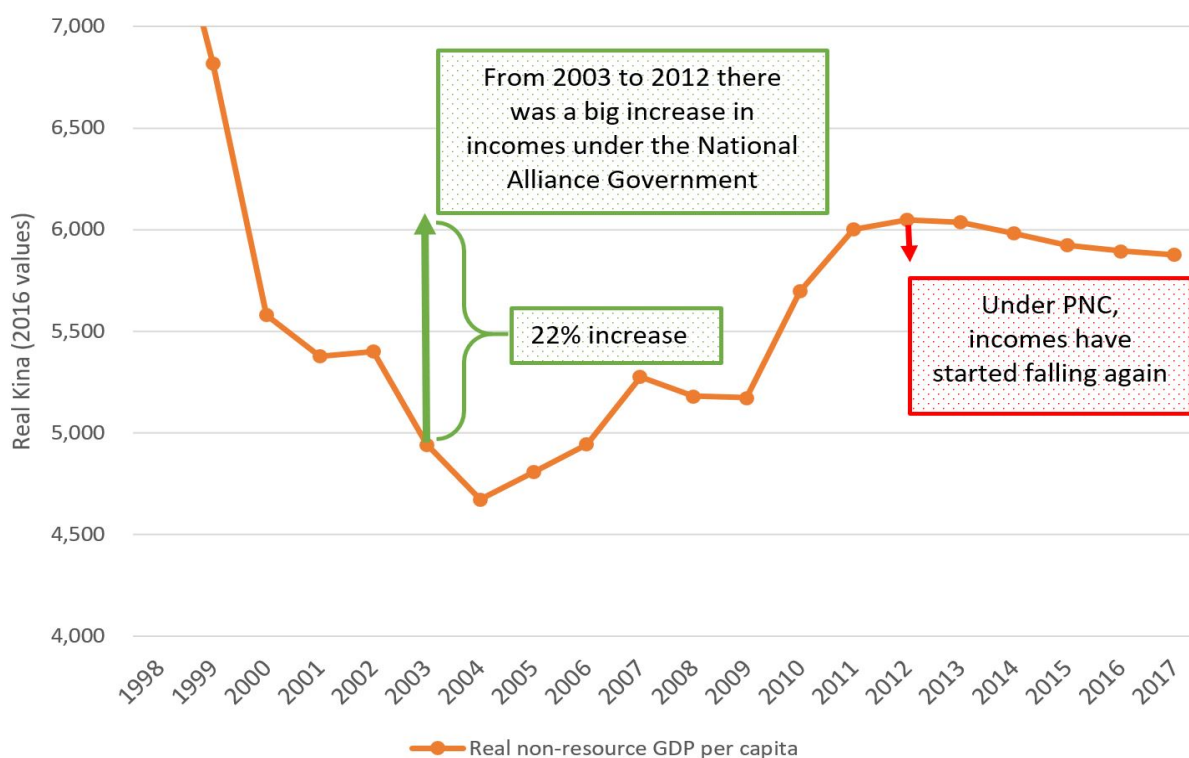
Mr Ling-Stuckey said "We need to turn this around. We need to get the economy growing again in ways that involve more of the people of PNG – not just big resource companies or friends and besties of the current government. We need a big and radical step-up in inclusive growth. According to the World Bank, PNG's growth rates in 2017, 2018 and 2019 are expected to be the worst in the Asia-Pacific region. Not the best look for APEC either. They will be negative after allowing for population growth rates. In my budget reply speech, I will outline practical ways to get the economy going again. The National Alliance was able to turn the economy around in 2002 and we can do this again."

The Shadow Treasurer told ordinary New Irelanders "We can get employment growing again which is a key way of spreading growing wealth among the wider population of our country. We will ensure better opportunities for our farmers by improving extension services and infrastructure, responding comprehensively to issues such as the coffee-pod-borer challenge and working to improve broader conditions so that there is credit available to the private sector and not just to funding government debt. Our approach will not just be the large-scale industrial agriculture which seems to be the focus of the current national and provincial governments. We will create a better business friendly environment for our Small and Medium-sized enterprises –we need to make it easier for businesses to thrive through better policies in areas such as the exchange rate and well as initiatives to get rid of red tape and to improve the ease of doing business in PNG."

Hon. Ian Ling-Stuckey, CMG, MP
Shadow Minister for Treasury & Finance

14th November 2017

PNG Economy Doing Badly Except for National Alliance Government



[Source for graph. Figures from 2007 to 2014 based on the latest PNG National Statistic Office data. Data from 1998 to 2006 based on earlier National Statistic Office and PNG Treasury Budget documents. The two series have been combined using sectoral growth rates. Figures from 2015 to 2017 based on the most recent IMF Article IV consultation. Inflation and population growth estimates from the National Statistics Office.]

World Bank: - Latest projections for PNG (4 October 2017). Figures highlighted are less than PNG's population growth rate of 3.1% - so falling average incomes. PNG also the lowest growth figures n the region from 2017 to 2019. <http://www.worldbank.org/en/region/eap/publication/east-asia-pacific-economic-update>

Table I.B.1. East Asia and Pacific: GDP growth projections

Percent change from a year earlier, unless otherwise noted

				<i>forecast</i>	
	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Developing EAP	6.5	6.3	6.4	6.2	6.1
China	6.9	6.7	6.7	6.4	6.3
Developing EAP excl. China	4.9	4.9	5.1	5.2	5.2
Developing ASEAN (ASEAN-5)	4.8	4.9	5.1	5.2	5.2
Indonesia	4.9	5.0	5.1	5.3	5.3
Malaysia	5.0	4.2	5.2	5.0	4.8
Philippines	6.1	6.9	6.6	6.7	6.7
Thailand	2.9	3.2	3.5	3.6	3.5
Vietnam	6.7	6.2	6.3	6.4	6.4
Cambodia	7.0	7.0	6.8	6.9	6.7
Lao PDR	7.4	7.0	6.7	6.6	6.9
Myanmar	7.0	5.9	6.4	6.7	6.9
Mongolia	2.2	1.4	2.8	3.1	7.3
Fiji	3.6	0.4	3.8	3.5	3.3
Papua New Guinea	8.0	2.4	2.1	2.5	2.4
Solomon Islands	2.5	3.3	3.0	3.0	2.8
Timor-Leste ^b	4.0	5.7	2.4	4.2	5.0