



# SHADOW MINISTER FOR TREASURY & FINANCE

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## 2018 Budget Processes Should Follow the Rule of Law

“The 2018 Budget should re-start inclusive growth and better economic management. Instead, the government is failing to follow PNG laws on preparing good budgets” In his first public statement since being appointed to the shadow ministry for treasury and finance, Mr Ling-Stuckey also noted that the National Alliance Government in 2006, under Grand Chief Sir Michael Somare, worked tirelessly to improve budget processes so it would not suffer the chaos of budgets of the 1980’s and 1990’s “In 2006, the National Alliance Government introduced the very important Fiscal Responsibility Act. This Act, which still applies today, sets out steps required for a competent and most importantly, transparent budgetary process. A key step was having a Budget Strategy released three months before the budget which was expected in August of this year and is still forthcoming. As the budget is due sometime in November, clearly the government has failed in meeting important deadlines” said Mr Ling-Stuckey.

The Shadow Treasurer stated “the purpose of the Budget Strategy according to Part III Division I of the Fiscal Responsibility Act 2006 is to assist public understanding of the fiscal situation and the Government’s budget strategy”.

Mr Ling-Stuckey said the Budget Strategy which should have been released at least two months ago is, according to the law, supposed to include items such as principles for guiding the budget, broad fiscal parameters, a discussion of risks, the medium-term outlook, a framework for preparation of departmental ceilings and importantly, a discussion of how the fiscal strategy for 2018 relates to the Medium Term Fiscal Strategy and the Medium Term Development Strategy. He said “The 100 Day plan was quite a good initiative by the government and commended the Treasurer for his effort and consultative approach but regrettably, it has not covered all the information required under the law for a Budget Strategy. The Minister for Treasury, is not following the law.

More extraordinarily, the Treasurer is not even following the laws he introduced as the Planning Minister in 2016. In the law he introduced only 18 months ago, he has failed to introduce an Annual Budget Framework Paper. This Framework Paper should have been introduced before even the Budget Strategy that was expected in August. The people of PNG and especially, the Department of Treasury and its officials, deserve a more coherent process than is being offered by the current Minister. He is not following good laws introduced by the National Alliance in 2006 for a Budget Strategy to set the "big picture" for budgets. He is not even following his own laws on planning. So left unmonitored, it will become difficult to trust the credibility of a Minister if he is undermining such important laws and it is incumbent upon the alternative government to ensure rectification measures are considered by the Minister. Of course, we understand the importance of consultation and getting things right to fix the PNG budget and economy. We give the new Treasurer some room to move. But once again, the government is being too slow to react to PNG's budget emergency. The Budget is supposed to be released on the first Tuesday in November. The government is now running 3 weeks late with the budget now expected on 28 November 2017 – 27 days later than the 2017 Budget. Over the next few weeks, I will continue to publish information on vital budgetary information for the people of PNG and how the budget must address the larger, more critical issues including kickstarting the economy and improving the standard of living for the people of PNG. Unlike in recent budgets, the government must also make sure the alternative government and opposition is given the right of reply to the budget. Gaggling debate and rushing through a budget on the same day it is introduced is not good for democracy and just simply unfair. The Alternative Government remains committed to transparent budgetary processes that follow the rule of law."

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

13<sup>th</sup> November 2017



No.        of 2006.

***Papua New Guinea Fiscal Responsibility Act 2006.***

**PART III. - ANNUAL FISCAL REPORTING.**

***Division 1. – Annual Budget Strategy Paper.***

**6. BUDGET STRATEGY PAPER.**

The Treasurer shall release publicly and table a Budget Strategy Paper at least three months before the presentation of the Budget to the National Parliament.

**7. PURPOSE OF BUDGET STRATEGY PAPER.**

The purpose of the Budget Strategy Paper is to assist public understanding of the fiscal situation and the Government's budget strategy.

**8. FOLLOWING INFORMATION IN BUDGET PAPER.**

The Budget Strategy Paper shall contain the following information:-

- (a) the principles that will guide the forthcoming budget; and
- (b) the broad fiscal parameters for the forthcoming budget year and the key Government strategies and policies for the management of revenues and expenditures, including tax expenditures; and
- (c) a discussion of the risks to the budget parameters and the Budget strategy; and
- (d) the medium-term outlook for government revenues and expenditures; and
- (e) a discussion of how the Budget strategy relates to the Medium Term Fiscal Strategy and the Medium Term Development Strategy; and
- (f) a framework for the preparation of departmental ceilings for budget estimates and for developing detailed budget policies.



No.        of 2016.

***Papua New Guinea Planning and Monitoring Responsibility Act 2016.***

**6. THE ANNUAL BUDGET FRAMEWORK PAPER.**

The annual budget framework paper shall -

- (a) link the annual budget to the MTDP; and
- (b) be published by the Department at least four months before the budget is tabled in Parliament; and
- (c) provide guidance in the preparation of the budget strategy paper under Part III (*Annual Fiscal Reporting*) of the *Papua New Guinea Fiscal Responsibility Act 2006*.