



SHADOW MINISTER FOR TREASURY & FINANCE

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PNG Families to suffer from government's tariff increases

"PNG families will be facing much higher prices in 2018 because of poor government policies. Since forming government in 2017, the National Government has organised to increase prices on 918 items. These price increases will start coming through early in the new year. A government more in touch with the high cost of living facing our people would not deliberately increase prices that mainly suited their business besties" said the Shadow Minister for Treasury and Finance, Ian Ling-Stuckey.

"The biggest negative impact will be on family food budgets. There have been a massive set of price increases facing families – 518 areas where family food budgets will face increases. The major ones are the 25% increase in milk products, the huge jump in chicken prices of K1.70 per kilo (and this the wholesale price, so the retail price may increase by even more), 15% increases in a range of fish products and juice concentrates, and the 60 toea per dozen increase in egg prices. 56% of the tariff increases focus on the struggling food budgets of PNG families. PNG families deserve to be able to feed their children without these massive and widespread price increases" said the Shadow Treasurer.

"There will also be major increases in the costs facing families and businesses in their costs of travel. The increase in diesel excise by 13 toea per litre – and the government plans to increase it by a further 38 toea per litre in future budgets. On top of this is an increase in all imported petrol and diesel of 10 toea per litre. Experience indicates this will eventually be passed onto motorists as the reduced competition almost always leads to price increases.

"There are major increases in 47 types of family household products such as 15% increase in the costs of laundry detergents, plastic kitchenware, buckets and tableware, as well as 10% increases ranging from toilet paper to shampoos and tissues and tablecloths and detergents.

"But there are even more price increases that have been hidden into the 2018 budget. Some of these increases are not obvious from the 32 pages of tables provided by the government with their missing descriptions and errors. The government did not make clear that there were plans for decreases in over 640 products on 1 January from the earlier Tariff Reduction Program. These have not been put on hold – which means families are now paying more than they would have been without this change in policy" said Mr Ling-Stuckey.

In particular, this means that there are many clothing products that would not be cheap as they otherwise would have been. But on top of what would have been a 5 per cent price decline, the government has added another 5 percent on clothing such as shirts, shorts, blouses, dresses, socks, T-shirts and tracksuits.

"The government also doesn't understand how expensive it is to build a new house in PNG, or renovate one and there are major increases in the costs of building products. Some of these particularly concern me. For example, PNG has the poorest levels of access to safe water in the East Asia region according to the World Bank. So why does the government increase the

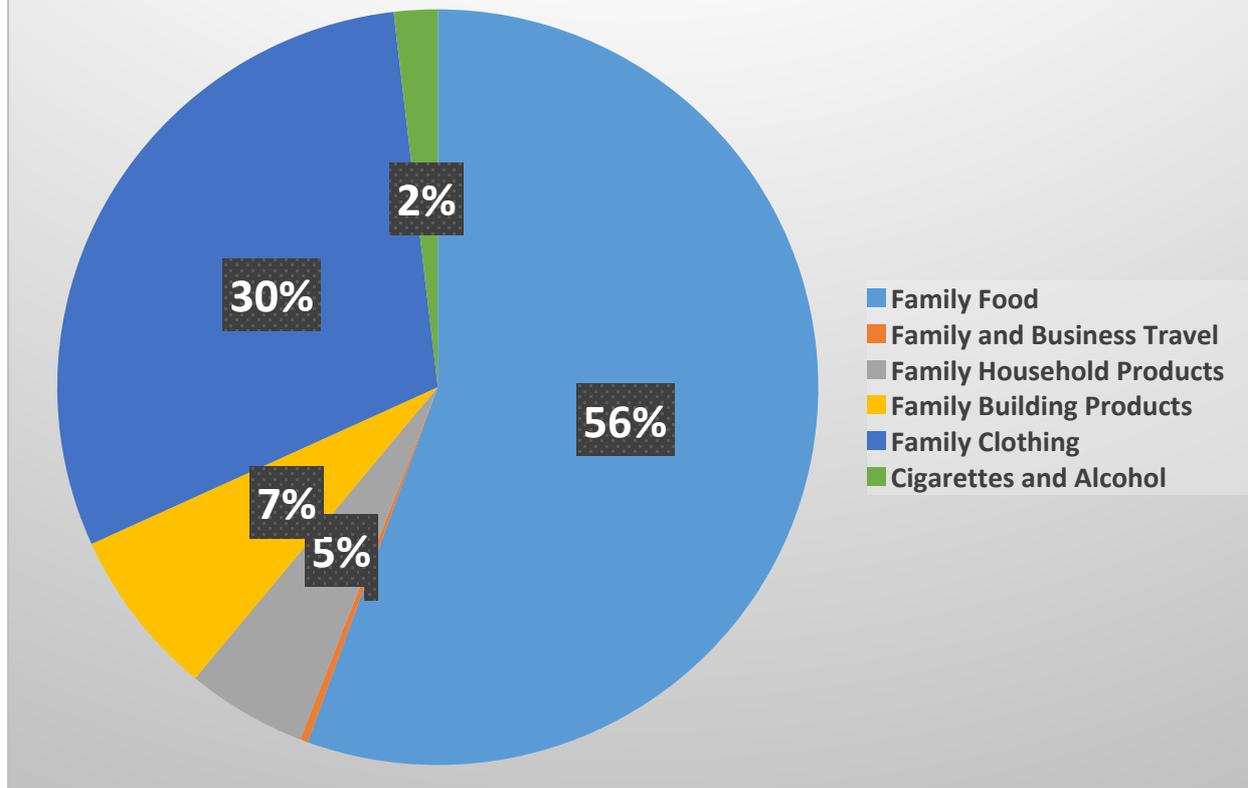
wholesale price on imported plastic water tanks by 15%? Families on many of our island communities in kavieng & namatanai and in all other maritime provinces do not have year-round access to enough clean water. During the dry season from april to October, which is over half the year, we fetch water from holes dug into the beach shoreline many of which are not accessible during daily high tides and we regularly bath in salt water! This is how we still live today. Access to affordable short term solutions like plastic water tanks will be taken away with the 15% tariff increase. Why are my maritime people punished like this? ” asked Mr Ling-Stuckey.

“These increases in price are the wrong way to start the New Year. The Alternative Government understands that there is a need to raise more revenue to deal with PNG’s fiscal crisis, but the government is going about this in the wrong way. Their approach is hurting families. It is inefficient, inequitable and administratively clumsy. In future days, I will talk more about the hidden inequities in these price hikes and how out of touch the government has become” said the Shadow Treasurer, Mr Ling-Stuckey.

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

8th January 2018

918 Tariff increases by Category



Family Food

Tariff Increase	Number	Description
25 per cent increase	5	Milk - both fresh and UHT. So expect to jump to over K6 per litre for a Paul's full cream 1 litre UHT, not fall to K3 per litre as promised by Minister Maru. Extraordinarily, they forgot to do a similar increase on flavoured milk. So chocolate milk now on the morning Cornflakes (which are also now more expensive)
K1.70 per kg	3	All imported frozen chicken or fresh chicken cut into pieces sees a near doubling in tariff rates from K1.80 per kg to K3.50 per kg
60 Toea per dozen	5	Increase in wholesale cost of all imported eggs for eating
15 % increase	24	All types of cooking oil such as Soyabean, olive, sunflower, palm, and coconut oils. Only applies to containers over 166 litres so very large importers can still bring this in for free, simply repack into smaller containers, and simply pocket the 15% wholesale price increase facing consumers.
15 % increase	3	Smoked Tunas and Mackerel (but not other smoked fish)
15 % increase	2	All fruit juice concentrates
K2.75 per litre	4	All imported soft drinks face an enormous price increase - allows local manufacturers to increase prices accordingly. Import tariff now K3 for every litre. Used to be 12.5% - so on an imported bottle at a wholesale price of K2, tariff has jumped from K0.25 to K3.00
10 % increase	4	Biscuit such as sweet biscuits, crispbreads, waffles, wafers and gingerbreads go up to 20%
10 % increase	3	Pork goes up to 20%

10 % increase	1	Corned beef goes up to 20%
10 % increase	4	Dried eggs go up to 20%
10 % increase	1	Icecream and iceblocks to 20%
5% increase	5	Bread, cakes, pastries, pizza, pancakes, rusks
5% increase	2	Spaghetti and noodles
5% increase	8	Frozen vegetables such as peas, beans, spinach, corn and potatoes
5% increase	8	Sausages
5% increase	1	Milo and other food preparations of flour, meal or malt
5% increase	1	Cornflakes and other prepared foods from unroasted and/or roasted cereal flakes
5% increase	6	Sugars (stay at 30 per cent - three decades of infant industry protection to Ramu)
5% increase	14	Prepared vegetables such as frozen chips and beans a
5% increase	16	Fruit juices such as orange juice and pineapple juice
5% increase	24	Frozen and dried onions, apples, chickpeas, lentils, broad beans, peas, apricots, peaches, strawberries, plums, dates, figs, nectarines, raspberries.
5% increase	5	Preserved vegetables such as olives and gherkins and mushrooms
5% increase	7	Boneless meats
5% increase	191	Fish - fresh, smoked (except tuna, mackerel which are 15%), canned etc
5% increase	6	Canned meats (except pork)
5% increase	18	Canned fish and shellfish
5% increase	20	Jams and jellies
5% increase	10	Chocolate/cocoa products
5% increase	1	Cordials
5% increase	78	Shellfish such as prawns and lobsters
5% increase	1	Salt
5% increase	1	Sweets
K0.20 per kg	18	Other poultry (ducks, turkeys, geese) get a much smaller change as does whole fresh chickens (for some reason)
2.5% increase	8	Some meats especially full and half carcasses
Toea 20 per dozen	1	Eggs for incubation
K5.0 per tonne	1	Bakers dough
Total tariff lines	510	

Family and Business Travel

Tariff Increase	Number	Description
13 Toea per litre	1	Increase in excise on all diesel. Moved to 21 Toea per litre. Government says will keep increasing to 60 Toea per litre
10 Toea per litre	1	Increase in import tariff on all petrol (will reduce local competition to keep prices low - competition better than just the ICCC so price increases likely to follow)
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Total tariff/excise lines	3	

Family Household Products

Tariff Increase	Number	Description
15 % increase	3	Liquid detergents go up by 15%, but powdered detergents by 10%.
15 % increase	1	Plastic baths, showerbaths, sinks and washbasins
15 % increase	2	Shopping bags
15 % increase	1	Plastic tableware and kitchenware

15 % increase	2	Plastic buckets and dustbins
15 % increase	2	Plastic table covers, furniture dust covers, curtains, drapes
15 % increase	4	Foam trays, PET bottles, lids, other
10 % increase	1	Toilet paper
10 % increase	6	Laundry and other soaps
10 % increase	1	Tissues
10 % increase	1	Shampoos
10 % increase	4	Hand and body washes
10 % increase	1	Powdered detergents
10 % increase	6	Nail polish, hair products,
10 % increase	1	Household glues and adhesives
10 % increase	1	Biodegradable shopping bags
10 % increase	1	Paper tableclothes and serviettes
5% increase	8	Cut flowers
2 toea per box	1	Matches
Total tariff lines	47	

Family Building Products

Tariff Increase	Number	Description
15 % increase	1	Plastic water tanks and reservoirs and vats over 300 litres - PNG has the lowest access to safe water in East Asia according to the Asian Development Bank. Increasing tariffs so much on water tanks needed by so many of our communities shows the government is out of touch with our people's needs.
15 % increase	1	Plastic baths, showerbaths, sinks and washbasins
15 % increase	1	Iron and steel angles and shapes (except star pickets)
5% increase	5	Paints and varnishes
5% increase	16	Plywood products
5% increase	21	Window frames, shuttering, flooring panels, wooden furniture, clothes pegs, toothpicks and coffins
5% increase	13	Metal building products including window frames, filing cabinets scaffolding, metal watertanks, metal tables, bells
5% increase	8	Seats
Total tariff lines	66	

Family Clothing

Tariff Increase	Number	Description
10% increase	17	Mens shirts, trousers, shorts, suits, matching outfits, jackets and blazers.
10% increase	17	Women's clothes such as blouses, dresses, matching outfits, jackets and blazers, skirts, trousers and shorts
10% increase	2	T-shirts and singlets
10% increase	1	Socks
10% increase	1	Belts
10% increase	3	Tracksuits
10% increase	20	Mens clothes such as jackets, and matching outfits
10% increase	18	Women's clothes such as jackets and overcoats
10% increase	16	Wind-cheaters, jackets, raincoats
10% increase	3	Jerseys and jumpers if knitted and cotton or manmade fibres
10% increase	1	Scarves and shawls
10% increase	29	Other Clothing

5% increase	20	Handbags, sportsbags, suitcases, briefcases,
5% increase	14	Jewellery
5% increase	113	Other clothing products such as suits, bathrobes, pyjamas, raincoats, swimwear, bras, hankerchiefs, dress patterns, car covers, cushion covers, flags and banners
Total tariff lines	275	
10% decrease	32	Knitted or crocheted ski suits, swimwear, pantyhose, underpants, petticoats, stockings, slippers, baby clothes, shoulder pads, hankerchiefs and pyjamas
	1	Knitted or crocheted graduated compression hosiery (for example for varicose veins)
	2	Mens underpants and briefs
	2	Women's slippers and petticoats
	3	Baby clothes
	40	

Cigarettes and Alcohol

Tariff Increase	Number	Description
K30 per litre of alcohol in beer	10	Huge increase in costs of all imported beer, especially those with over 2.5% alcohol. So for a beer with 5% alcohol, this is a K1.50 a litre increase in wholesale prices. But no increase for imported brandies and cognacs and other spirits or on wine.
K10 per litre of alcohol in beer	1	Smaller increase for low alcohol imported beer (less than 2.5% alcohol content)
Toea 12.5 increase per cigarette	6	Huges increase in cigarette prices from Toea 7.5 per stick to Toea 20 per stick - but the well off are protected with a fall in the cost of imported fat cigars
70 Toea fall per cigar	1	Tariff drops to 20 toea per cigar. Imports used to be based on weight, so for a big cigar such as a 20gram Giant Perfecto, price drops from 90 Toea per cigar.
Total tariff/excise lines	17	