



SHADOW MINISTER FOR TREASURY & FINANCE

PO Parliament House
Waigani.NCD
m: +675 71111777
e : chairman@kdda.gov.pg

Treasurer Abel continues to deceive PNG families

“Treasurer Abel claimed yesterday that the “price impacts should not be that great” from the increases on 918 items consumed by families, especially food products. Can we trust such a statement? Later in his statement, Treasurer Abel states “the whole of Parliament then supported the 2018 budget and all the associated bills”. We know that this is a lie as the opposition made clear that it strenuously opposed the 2018 budget. He is also telling porkies about the price impacts facing PNG families” said the Shadow Minister for Treasury and Finance, Ian Ling-Stuckey.

“The government is also hiding the impacts of putting the tariff reduction program on hold. On 1 January, there were over 600 products that were going to become cheaper. This would have helped families. Instead, the government has changed policies and this means for those hundreds of items the prices aren’t going to be reduced and that prices are now more expensive than originally planned. The Treasurer doesn’t mention these changes.

“The Alternate Government strongly believes in a “Buy PNG Made” policy. But the government is failing to implement the right policies required to reduce the costs of doing business in PNG, to improve our infrastructure and supply chains, to improve our regulation and our tax system, to lift our rate of growth for more jobs and more incomes, to fix our foreign exchange crisis. This is the way to make PNG Made products cheaper, not just for PNG but able to be exported to all of the Asia-Pacific region” said the Shadow Treasurer.

“This is one area where the sights of the current government are set too low. They are establishing protectionist policies to protect their government besties. They are thinking only about the jobs that come from filling the supermarket shelves of Port Moresby and Lae. But they are not thinking about the much greater job opportunities which will come when we can fill the shelves of cities in India and China. This is the type of broader vision that is needed to actually start finding enough jobs for our school-leavers rather than just a few hundred jobs.

“For example, the biggest cost increase is the 25 per cent tariff now imposed on imported milk. It used to be zero, it is now 25 per cent. So where will all this local milk come from? Yes, there is talk of some new local dairy herds, and this is to be applauded if they were being created by the private sector without major government subsidies and tariff barriers. But milk prices are going up now – and there is very little local supply. This dairy farm is also based on major equity investments from the national government and from Central Province. These are funds that could be better spent on agricultural extension services that go out and help our local PNG farmers.

“The Treasurer also needs a refresher in basic economics. Of course the Alternate Government understands that many products are made locally. The Alternate Government also understands the laws of supply and demand, and that history in PNG and all around the world indicates that local prices will increase because of the reduced competition. These higher local prices will then make it harder to have products that are competitive enough to be exported to other countries.

Infant industry arguments just have not delivered. These were the arguments used for funding Ramu Sugar. Three decades later, it still depends on import tariffs of 30 per cent, and these higher costs are passed onto PNG families.

“There is a need for mature judgement on balancing the short-term interests of industry and the prices to be faced by the people of PNG. For example, the tariff on imported frozen and chicken pieces was K1.80 per kilo. The plan was the tariff was to fall slightly to K1.60 per kilo on 1 January. This still provided a strong incentive for buying local. However, the government almost doubled the tariff to K3.50 per kilo. This is poor judgement, a poor judgement that fails to balance the interests of some new, largely foreign-owned agriculture interests and PNG families. K1.60 per kilo was enough. This could have helped put downward pressure on prices while still giving a strong incentive to buy local. That decision to buy local should be made by PNG families, not imposed on them by some out of touch government” said Mr Ling-Stuckey.

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

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