



# SHADOW MINISTER FOR TREASURY & FINANCE

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## Reflecting on the 43<sup>rd</sup> year of Independence

“On the occasion of our 43<sup>rd</sup> anniversary of Independence from Australia on 16 September 1975, it is timely to reflect on how our great country has been going over the last twelve months. On balance there is a pretty mixed report card, with some good achievements and some clear problems” said the Hon. Ian Ling-Stuckey, Shadow Minister for Treasury and Finance.

“Our 43<sup>rd</sup> year started in a thrilling way with our wonderful PNG Hunters team winning the Queensland rugby league grand final by defeating Sunshine Coast 12-10. This was important for lifting both national pride, but also making clear to our friends in Australia that PNG is a force to be reckoned with as the win was achieved in only the fourth year of competition” said Mr Ling-Stuckey

“Another positive is the recent assessment that doing business in PNG is getting easier. This reflects some legislation coming into force that makes it easier for a small business to borrow by allowing loan security against private assets, as well as being easier to register a small business. Of course, there remain major challenges such as the shortage of foreign exchange and the lack of sales reflecting poor economic performance.

“On the negative side, there are three specific facts that cause me great concern for our 43<sup>rd</sup> year. First, polio has returned to PNG – a reflection on our deteriorating health system. In 2018, the countries with polio are only Afghanistan, Democratic Republic of the Congo, Nigeria, Pakistan, Somalia and Syria. This is not good company, and we must do better.

“Second, PNG has been confirmed as being a “fragile situation” state by the World Bank and Asian Development Bank. The only other

middle-income countries with this rating are Zimbabwe and Timor-Leste. This is a national embarrassment. The cause for PNG's downgrading is because of deteriorating economic management – not a fall in oil prices but the poor way that we have managed such external factors.

“Third, PNG has been downgraded by the international community in terms of our credit rating. The downward shifts by these independent, external assessors of Moody's and S&P, are the worst in our history. There is not much confidence in our economic management, and this is undermining investment and job creation. These considered views of international experts confirms my strong belief that there is a need for more transparency and less fake revenues and fiscal games in our economic management” said the Shadow Treasurer.

“So our 43<sup>rd</sup> year has had a mixed report card. Of course, there is APEC in November. This should be a wonderful opportunity to promote our country. There is more action required in freeing up access to the skills and abilities of our people, avoiding recent inward-looking protectionist policies, and getting our economic house in order. Only by making further changes can we really tap into the potential of our 44<sup>th</sup> year.

“Overall, my greatest concern when I visit villages in my electorate is that, once again, another year has gone by and not enough has changed. Many of the great dreams of Independence have not translated into better lives for the vast majority of our people. Certainly, as the elected representatives of the people of kavieng, it is time for politicians from all parties to commit to getting better outcomes for our people in coming years. I can guarantee that this is a commitment from the National Alliance members of Parliament” said Mr Ling-Stuckey.

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

**13 September 2018**

# Details and Sources

PNG starts the 43<sup>rd</sup> year well with an uplifting rugby league win.

QRL

## PNG Hunters win their first Intrust Super Cup grand final with dramatic 12-10 over the Sunshine Coast

Rikki-Lee Arnold, The Courier-Mail  
September 24, 2017 9:57pm



THE PNG Hunters have completed their fairytale run to their first Intrust Super Cup premiership, after cult hero Willie Minoga delivered his team the historic victory over the Sunshine Coast.

The 12-10 win came in the dying minutes of the thrilling showdown at Suncorp Stadium, with fans on the edge of their seats from start to finish.



Willie Minoga scored the winning try in the final seconds.

There are some positive steps being taken to improve the business environment

## Papua New Guinea rises 14 places in World Bank 'ease of doing business' ratings

7 Nov 2016 by Kevin McQuillan 1 Comment

Papua New Guinea has risen 14 places overall in the World Bank's annual 'Ease of Doing Business' report, primarily due to improvements in starting a business and getting credit.

This year's edition of the report has placed PNG 119th out of 190 economies in 2016, compared to 133<sup>rd</sup> last year.

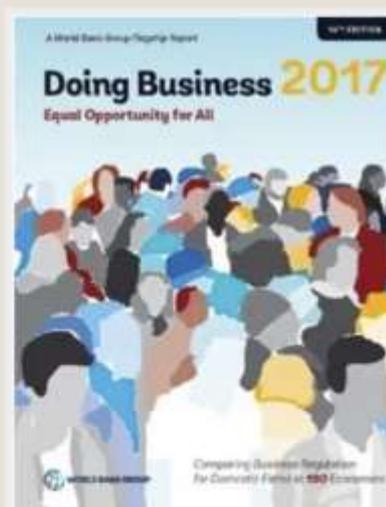
Other Pacific countries ranking higher are: Fiji (97<sup>th</sup>), Samoa (89<sup>th</sup>) and Tonga (85<sup>th</sup>). New Zealand is ranked number one for doing business around the world.

The rankings are based on 10 criteria:

- starting a business
- dealing with construction permits
- getting electricity
- registering property
- getting credit
- protecting minority investors
- paying taxes
- trading across borders
- enforcing contracts and
- resolving insolvency

### Turnaround

The President of the Lae Chamber of Commerce and Industry, Alan McLay tells *Business Advantage PNG* that the statistics primarily reflect the ease of doing business in Port Moresby, rather than the rest of the country.



<https://www.businessadvantagepng.com/papua-new-guinea-rises-14-places-in-overall-ease-of-doing-business-ratings/>

Unfortunately, there are an increasing number of cases of polio – note the World Health Organisation indicating this only occurs “among the world’s poorest and most marginalised communities, where it takes the most vulnerable children”.



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### 10 facts on polio eradication

Updated April 2017

Polio was once a disease feared worldwide, striking suddenly and paralyzing mainly children for life. WHO is a partner in the Global Polio Eradication Initiative, the largest private-public partnership for health, which has reduced polio by 99%. Polio now survives only among the world's poorest and most marginalized communities, where it stalks the most vulnerable children. The Initiative's goal is to reach every last child with polio vaccine and ensure a polio-free world for future generations.

1 / 10



WHO

**Fact 1: Polio continues to paralyse children**

While polio is a distant memory in most of the world, the disease still exists in some places and mainly affects children under 5. One in 200 infections leads to irreversible paralysis (usually in the legs). Among those paralyzed, 5% to 10% die when their breathing muscles become immobilized.

<http://www.who.int/features/factfiles/polio/en/>

## Weekly country updates as of 4 September 2018

- + Afghanistan
- + Pakistan
- + Nigeria
- + Lake Chad Basin
- + Central Africa
- + Horn of Africa
- Papua New Guinea

- Three new cases of circulating vaccine-derived poliovirus type 1 (cVDPV1) were reported this week, from Madang district, Madang province (date of onset 14 July), Markham district, Morobe province (date of onset 15 July) and Wabag district, Enga province (date of onset 29 July).
- The total number of cases in the country in 2018 is now nine (two from Eastern Highland, two from Enga, two from Madang and three from Morobe provinces).
- Papua New Guinea officially launched its outbreak response campaign on 16 July in Morobe, Madang and Eastern Highlands provinces. Round 2 of the outbreak response commenced 20 August in Madang, Morobe, and Eastern Highlands provinces while vaccination activities in Chimbu, Enga, Hela, Jiwaka, Southern Highlands, and Western Highlands provinces began 27 August. Nationwide campaigns are planned for October and November.
- The geographic extent of the outbreak response is currently being reviewed and will be expanded as necessary.
- Intensified surveillance measures to improve detection of acute flaccid paralysis and poliovirus are being implemented across the country, with on-the-ground training for provincial and district staff being provided by NDDH and WHO.
- Read our Papua New Guinea country page to see information on surveillance and vaccination campaigns.

<http://polioeradication.org/polio-today/polio-now/this-week/>

PNG is listed as a "Fragile Situation" state. On middle-income (or "Blend") countries, there is only PNG, Zimbabwe and Timor Leste.

Harmonized List of Fragile Situations FY 19 a/						
Country	WBG CPIA	ADB CPIA	AFDB CPIA	Harmonized Average	Peacekeeping Missions b/	Political & Peacebuilding Missions c/
<b>IDA Eligible</b>						
Afghanistan	2.68	2.78		2.73		P
Burundi	2.91		3.11	3.01		
Central African Republic	2.48		2.48	2.48		P
Chad	2.66		3.23	2.94		
Comoros	2.81		2.12	2.46		
Congo, Dem. Rep.	2.83		3.25	3.04	PK	
Congo, Rep.	2.70		3.28	2.99		
Côte d'Ivoire	3.38		3.71	3.54	PK	
Djibouti	2.97		3.30	3.13		
Eritrea	1.85		2.13	1.99		
Gambia, The	2.97		2.94	2.95	PK	
Guinea-Bissau	2.45		2.63	2.54		P
Haiti	2.88			2.88	PK	
Kiribati	2.89	2.94		2.97		
Kosovo	3.57			3.57	PK	
Liberia	3.13		3.36	3.24	PK	
Mali	3.40		3.74	3.57	PK	
Marshall Islands	2.60	2.88		2.74		
Micronesia, Fed. Sts.	2.75	2.88		2.82		
Mozambique	3.17		3.18	3.18		
Myanmar	3.00	3.31		3.15		
Solomon Islands	2.93	3.23		3.08		
Somalia						P
South Sudan	1.53		1.86	1.69	PK	
Sudan	2.38		2.56	2.47	PK	
Syria						
Togo	3.13		3.19	3.16		
Tuvalu	2.90	3.02		2.96		
Yemen, Rep.	2.11			2.11		
<b>Territories</b>						
West Bank and Gaza						P
<b>Blend</b>						
Papua New Guinea	2.96	2.88		2.91		
Timor-Leste	2.85	3.46		3.15		
Zimbabwe	2.78		2.66	2.72		
<b>IBRD Only</b>						
Iraq						P
Lebanon						P
Libya						P

a/ "Fragile Situations" have: either a) a harmonized average CPIA country rating of 3.2 or less, or b) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years. This list includes only IDA eligible countries and non-member or inactive territories/countries without CPIA data. IBRD countries with CPIA ratings below 3.200 do not qualify on this list due to non disclosure of CPIA ratings; IBRD countries that are included here qualify only by the presence of a peacekeeping, political or peace-building mission - and their CPIA ratings are thus not quoted here.

b/ Specifically defined as the presence of a UN and/or regional (eg. AU, EU, OAS, NATO) peace-keeping operation in this country in the last three years, with the exclusion of border monitoring operations (sources: UN DPKO, AU, EC, websites). For additional information regarding this list, please read the FCS Information Note and FAQ found on our website: [www.worldbank.org/fragilityandconflict](http://www.worldbank.org/fragilityandconflict).

c/ Specifically defined as the presence of a UN and/or regional (eg. AU, EU, OAS) peace-building and political mission in this country in the last three years (sources: UN DPKO, AU, EU websites).

<http://pubdocs.worldbank.org/en/892921532529834051/FCList-FY19-Final.pdf>

PNG's credit rating was downgraded by S&P from B+ to B on 16 April 2018, and by Moody's was placed onto a negative watch on 23 March 2018. A "B" might sound good on a school report card, but credit ratings start at AAA – and a B or B2 is actually fourteen levels lower. Indeed, these ratings are five levels five levels below "junk bond" status (see second diagram below).

## Papua New Guinea - Credit Rating

Standard & Poor's credit rating for Papua New Guinea stands at B with stable outlook. Moody's credit rating for Papua New Guinea was last set at B2 with negative outlook. In general, a credit rating is used by sovereign wealth funds, pension funds and other investors to gauge the credit worthiness of Papua New Guinea thus having a big impact on the country's borrowing costs. This page includes the government debt credit rating for Papua New Guinea as reported by major credit rating agencies.

Agency	Rating	Outlook	Date
S&P	B	stable	Apr 16 2018
Moody's	B2	negative	Mar 23 2018
Moody's	B2	stable	Apr 25 2016
TE	35	stable	Apr 16 2016
Moody's	B1	negative watch	Feb 25 2016
S&P	B+	negative	Oct 08 2015
Moody's	B1	negative	May 18 2015
S&P	B+	stable	Oct 29 2012
S&P	B+	negative	Jan 27 2012
S&P	B+	stable	Sep 13 2007
S&P	B	stable	Dec 06 2005
S&P	B	positive	Dec 21 2004
S&P	B	stable	Dec 21 2003
S&P	B	negative	Oct 08 2002
S&P	B	stable	Aug 06 2001
S&P	B+	negative	Mar 21 2001
S&P	B+	stable	Jun 29 2000
S&P	B+	negative	Sep 01 1999
S&P	B+	negative watch	Jul 26 1999
S&P	B+	stable	Jan 25 1999
Moody's	B1	stable	Dec 31 1998

### Credit Rating Scales by Agency, Long-Term

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper medium grade
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Lower medium grade
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-investment grade speculative
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	Highly speculative
B2	B	B	
B3	B-	B-	
Caa1	CCC+	CCC	Substantial risk
Caa2	CCC		Extremely speculative
Caa3	CCC-		Default imminent with little prospect for recovery
Ca	CC		
C	C	DDD	In default
/	D	DD	
/	/	D	

"Junk"  
↓

PNG's credit ratings are at this level of B2 for Moody's and B for S&P – both five levels into "junk bond" status.