



SHADOW MINISTER FOR TREASURY & FINANCE

PO Parliament House

Waigani.NCD

m: +675 71111777

e: chairman@kdda.gov.pg

MTDP III – Some Good News

“The government has finally released the 2018-22 Medium-Term Development Plan, known as MTDP III. There are three very good aspects of this plan for which I commend the Government” stated the Shadow Minister for Treasury & Finance Ian Ling-Stuckey.

“First, the plan goes back to a more inclusive approach to growth. The failings of a resource-focused approach to development is finally recognised. The resource sector has thrived in this country since Independence while its people have generally suffered from a lack of attention-this is not suggesting it is the fault of the sector. The need for a new approach towards development, one with a much greater emphasis on getting growth going in the non-resource sectors of the economy, especially agriculture and manufacturing, was a key theme of my budget reply speech last December. It is gratifying that the government has listened and has moved towards the Alternative Government’s approach of improving wide-spread living standards” stated the Shadow Treasurer.

“The second good aspect of MTDP III is its move towards greater fiscal responsibility. This development plan is finally fully integrated with the government’s medium-term fiscal strategy. The planned expenditure is exactly the same as the capital expenditure figures included in the 2019 Budget Strategy paper. Earlier plans suffered from a foolish and excessive expectation of revenues that fuelled irresponsible spending and blow-outs in government deficits and debt. Finally, we see some signs of fiscal responsibility with the appropriate integration of the annual budget and the medium-term development plan.

“The third good aspect of this plan is the change in spending away from the administrative sector and towards the economic sector. Specifically, in earlier plans, the administrative sector had received 20% of funding – this has now been reduced to 10%. Funding for the

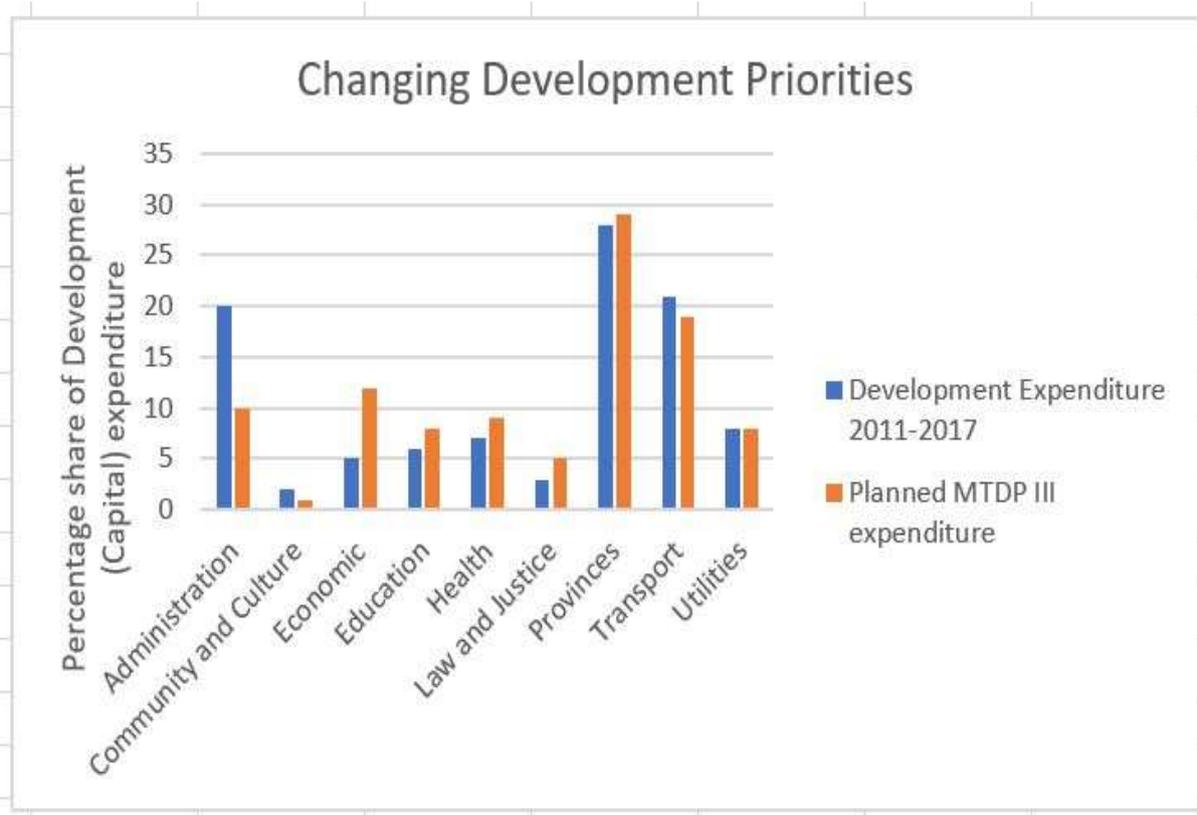
economic sector has increased from only 5% to a much more respectable 12%. There are also larger allocations for the critical health and education sectors, although the cut-back in the share of funding for transport infrastructure from 21% to 19% is more difficult to justify.

“So at a high level, the government seems to have got the MTDP III right, largely because it has taken policies from the Alternative Government. However, the actual details of the MTDP III reveal that the Government might copy the Alternative Government's ideas but it still needs to demonstrate how to properly implement such a development plan. So at a high level, the MTDP III is good, but it will fail in its implementation.

“As I stated in my Budget reply speech last November – ‘We need to get back to focus on PNG's people, our rural people, the often-forgotten majority, who have no access to clean, reticulated water, electricity and privileged access to urban services like shopping centres and even just basic government services. We talk a lot, eat a lot, smile a lot and are always in the newspapers, tv and even all over this uncontrollable dragon called Facebook! We need to see and touch, our billion kina budgets, we need to see these millions and billions working in our remote villages and remote provinces. It's just not happening! And if it is - it's not fast enough. We need to empower our rural people, so they and their children can live healthier and more productive lives. As the people's representatives in this Parliament, we have this as an obligation. One that should be above politics and personnel gain.’ In future releases, I will outline in more detail how the Alternative Government's inclusive growth objective, copied by the national government, can really be achieved” said Mr Ling-Stuckey.

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

13 October 2018



Alternative Government's Budget Response – quote was from page 5

