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### **Hiding APEC's Full Costs – well over K1.5 billion!**

“Despite the Treasurer’s attempts in yesterday’s press to under-state the true cost of APEC, the people of PNG deserve more information on the actual expenses of this event. More explanation is also needed on the shady procurement practices, whether it be buying Maseratis from backyard garages in Sri Lanka or even the failure to go to public tender for APEC Haus. More information is required on why foreign government funding for APEC roads and other activities is tied to their own businesses rather than allowing PNG businesses more opportunities. And even when money is spent in PNG, where are the public procurement notices for the cars, for the catering, for the local security, for the local signage? The Government’s Port Moresby besties and cronies are doing very well out of over-priced contracts worth tens of millions to individual suppliers for APEC but the rest of the country is missing out-my own province in new Ireland has completely missed out despite my over worked Governor Sir Julius Chan playing a key and critical role in the formation of the Oniel/Abel Government and upholding Peter O’niel as Prime Minister for a second term!” stated the Shadow Minister for Treasury & Finance Ian Ling-Stuckey.

“What we now know is that the APEC expense will be at least K1.5 billion. What an extravagance! The Treasurer is hiding the true costs for this meeting. For example, his figures claimed that direct PNG APEC expenditure in 2018 would be only K300 million. In my budget reply, I indicated that the real cost would be at least double that. Attached is a copy of a budget slide from last year which indicates that the APEC Authority estimated that the true projected cost for APEC in 2018 would be K615.42 million. The government only allocated K300 million. However, in the 2018 budget, the government also indicated that “expenses related to APEC would be a priority”. Indeed, the language of the budget indicated that they would be a priority even relative to other signature policies such as the claimed tuition fee free education

and fake free health care which would receive “adequate” funding. So we know that anything over the K300m would have been allocated, and given the extravagance of the meeting’s transport cars, we can be confident at least the full APEC Authorities initial request has been provided ” stated the Shadow Treasurer

“Treasurer Abel also talks about adding “on another K100 million for other costs comes in terms of direct assistance because our friends have helped us a lot”. What an extra-ordinary under-estimate! For example, Australia's former Foreign Minister Julie Bishop that Australia was providing an estimated \$AUD108.8 million to support APEC in PNG. So Australia alone was providing at least K264 million using today’s BPNG exchange rate of K1=AUD0.41. Treasurer Abel also did not include the K111 million for the National Convention Centre upgrade by China. There was no allowance for the extra facilities at Jackson Airport which have cost another K60 million over the last 3 years. His figures also only included K120 million for APEC Haus when the 2018 Budget indicated the cost would be K170 million – do we believe that the PNC government could manage an un-tendered infrastructure project that came under cost?

“So even including just the above costs, APEC is costing this nation over K1.5 billion - the Treasurer’s claimed K715 million plus the K264 million from Australia plus at least the Chinese Convention Centre support of K111 million and the Jackson upgrades of K60 million and the K315.42 million understatement of APEC expenditure in 2018 and the extra K50 million for APEC Haus based on the 2018 Budget – equals K1,515.42 million. Even this figure does not include an allowance for the costs of PNG police (who may not be paid over-time because of the government’s mismanagement of its wage costs) or the support provided by other countries such as the Chinese rebuilding of Port Moresby roads or the additional security support from New Zealand, the US and China or the costs of all the staff in the PNG public service that have been supporting APEC and attending its meetings.

“The Treasurer also indicated that the Philippines spent \$US250 million when it hosted APEC. PNG has spent at least \$US450 million – or nearly double the Philippines meeting. The Philippines economy is currently valued by the World Bank at \$US313.6 billion. In the same report, PNG's economy is estimated at \$US19.8 billion. Why is it that the O’Neill led PNC is willing to squander nearly double the cost of the Philippines APEC meeting when our economy is less than one-tenth the size? Using the same World Bank source, why is the O’Neill led PNC willing to spend so much more on a Port Moresby focused talkfest when the Philippines

have 6.6% of their people in absolute poverty and we have 38% of our people in absolute poverty” asked Mr Ling-Stuckey.

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

8 November 2018

## Details



# 2018 Budget "Big Ticket Items"

Activity	2017 Budget	Projected Cost	2018 Budget	Budgeted %
Administration	466.00	1,252.35	933.89	75%
<b>APEC Operations</b>	<b>250.00</b>	<b>615.42</b>	<b>300.00</b>	<b>49%</b>
LLG Elections	-	100.00	100.00	100%
Office Accommodation (Rental)	98.00	236.00	236.00	100%
Utilities	19.00	118.09	118.09	100%
Nambawan Supa Exit Payments	90.00	172.84	170.80	99%
Section 45A	9.00	10.00	9.00	90%
<b>Education</b>	<b>691.60</b>	<b>741.90</b>	<b>723.90</b>	<b>93%</b>
*Curriculum Development Materials	9.50	19.00	19.00	100%
*Education Subsidies (TFF)	602.00	620.00	602.00	97%
*Measurement Services Unit	12.10	17.70	17.70	100%
*SS Equipment	20.10	13.60	13.60	100%
*TESAS	47.90	71.60	71.60	100%
<b>Health</b>	<b>180.00</b>	<b>339.10</b>	<b>270.00</b>	<b>80%</b>
Free Primary Health Care	20.00	20.00	20.00	100%
**Medical Supplies & Related cost	160.00	319.10	250.00	78%
<b>Law</b>	<b>53.58</b>	<b>73.78</b>	<b>16.74</b>	<b>23%</b>
Court Circuits	20.37	26.94	8.94	33%
*Detainees Rations	11.98	11.98	7.80	65%
*Soldiers Catering	21.23	34.86	-	0%
<b>Transport</b>	<b>16.80</b>	<b>15.16</b>	<b>22.25</b>	<b>147%</b>
Highlands H/Way Roads Maintenance	6.10	7.66	9.85	129%
Maintenance of Priority Roads	10.70	7.50	12.40	165%
<b>Grand Total</b>	<b>1,407.98</b>	<b>2,422.29</b>	<b>1,966.278</b>	<b>80%</b>

2018 National Budget, Volume 1

Total Capital Budget for 2018 is K4,643.9 million. Table 3 shows the breakup of the Capital Expenditure components.

**Table 3: 2018 Capital Expenditure Budget (Kina, Million)**

Capital Expenditure	
GoPNG PIP	1,851.0
Service Improvement Programs	1,174.4
Loans Drawdowns	593.9
Project Support Grants	1,024.6
<b>Total</b>	<b>4,643.9</b>

Source: Department of Treasury

Capital Budget allocation by sector is shown in Table 4 below. The Provinces sector is allocated the highest, 29.0 per cent of the capital Budget, driven mainly by Service Improvement Program (SIPS) of K1,174.4 million, followed by the Administration Sector, 19.4 per cent, largely driven by APEC related expenditure of K300.0 million and the Transport Sector with 13.8 per cent.

The investment in APEC is part of this strategy to get some momentum behind the economic growth trajectory. Financing the Budget strategy will also be critical, given recognition of the limits and consequences of substantial additional domestic financing.

Given this comprehensive strategy, the 2018 Budget Expenditure envelope is set at K14,717.9 million, which is an increase of K1,862.3 million (or 14.5 per cent) on the 2017 Supplementary Budget appropriation. In terms of key expenditure items, expenses related to the 2018 APEC Meetings will be a priority, while Government continues to adequately fund key programs covering Tuition Fee Free Education, Free Primary Health Care, Infrastructure Projects, Agriculture and Small to Medium Enterprises.

**Ms Bishop – the answer to the member’s question is as follows:**

- (1) As with past elections, the Department of Foreign Affairs and Trade (DFAT) is conducting an independent evaluation of Australia’s support for Papua New Guinea’s (PNG’s) delivery of the 2017 national election. This evaluation will consider lessons learned during PNG’s recent national election, and will be published once completed in the first half of 2018.
- (2) Allegations of electoral fraud are matters for consideration by the PNG Government and judiciary. Australia remains committed to supporting the PNG Government deliver elections, including through strengthening electoral policies and practices that deter electoral fraud. Decisions on the future composition of Australia’s electoral support in PNG will be made following the independent evaluation mentioned in (1), and in consultation with the PNG Government.
- (3) The cost of Australia’s electoral support for PNG’s national elections since 2007 is as follows:
  - in 2007, approximately \$6.8 million from the aid program
  - in 2012, approximately \$15.8 million from the aid program, plus \$32.3 million in Australian Defence Force (ADF) costs and \$2.5 million in Australian Federal Police (AFP) support
  - in 2017, approximately \$8 million from the aid program, plus ADF and AFP expenditure that has not yet been costed.

The cost of Australia’s support in 2017 was less than in 2012 because the PNG Government did not request that Australia provide support of the magnitude provided in 2012.

- (4) Australia is not providing direct funding to the PNG Government to host APEC 2018. At the request of the PNG Government, the Australian Government is providing security support for APEC events. In addition, Australia is repositioning existing capacity building programs to assist with PNG’s hosting of APEC.

**Australian Government support for APEC 2018 is estimated at \$108.8 million across the three years 2016-17, 2017-18 and 2018-19, and focuses on capacity building for PNG’s police, transport, border, defence and economic policy agencies. This includes \$48.2 million of new funding to extend an existing deployment of AFP advisers.**

## PHILIPPINES



2017

Population, million	104.9
GDP, current US\$ billion	313.6
GDP per capita, current US\$	2,989
International poverty rate (\$1.9) <sup>a</sup>	6.6
Lower middle-income poverty rate (\$3.2) <sup>a</sup>	27.0
Upper middle-income poverty rate (\$5.5) <sup>a</sup>	56.1
Gini index <sup>a</sup>	44.4
Life expectancy at birth, years <sup>b</sup>	69.1

Sources: World Bank WDI, Macro Poverty Outlook, and official data.

Notes: a. Most recent value (2015) 2011 PPPs. b. Most recent WDI value (2016).

## PAPUA NEW GUINEA



2017

Population, million	8.3
GDP, current US\$, billion	19.8
GDP per capita, current US\$	2,402
Poverty rate (\$1.90/day 2011 PPP terms) <sup>a</sup>	38.0
National poverty rate <sup>a</sup>	39.9
Gini coefficient <sup>a</sup>	41.9
Life expectancy at birth, years <sup>b</sup>	65.5

Source: WDI, Macro Poverty Outlook, and official data.

Notes: a. Most recent value (2009/10). b. Most recent WDI value (2016).