



SHADOW MINISTER FOR TREASURY & FINANCE

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Unconstitutional debt repayments

“PNG Treasury and Finance officers are going to be asked to make unconstitutional debt repayments from 1 January. This is the consequence of the O’Neill/Abel government’s failure to include over K11 billion (yes – *billion*, not million) in necessary debt repayments in 2019. I have highlighted this extraordinary failure in my 2019 Budget response and in subsequent media releases. Parliament needed to be recalled to correct this embarrassing error. Treasurer Abel has irresponsibly failed to indicate where such moneys were included in the actual Parliament approved appropriation bills. The consequence of this irresponsible behaviour from the Treasurer is that loyal public servants are going to be asked to make unconstitutional and illegal debt repayments” stated the Shadow Minister for Treasury and Finance, Ian Ling-Stuckey.

“A fundamental element of parliamentary democracy is that the legislative arm of government approves any expenditure or revenue measures of the executive arm of government. This reflects actions over the centuries to move power from autocratic kings and leaders. For example, in 1362 the English parliament decided that it must agree to all taxation measures imposed on the people. In 1401, the Parliament claimed the power to approve the budget only after grievances with the King had been resolved. The historic battles between the executive and the legislative continued over the next two centuries but by 1689, the English Bill of Rights made clear that levying money for or to the use of the Crown (so the Kings in ancient times, the Prime Minister in current times) requires the “grant” of Parliament. This is some of the background for why section 209 of PNG’s constitution requires that any expenditure by the government is approved by the parliament. Treasurer Abel may claim he wanted to include the required K11.1 billion in the Budget’s appropriation bills, but once again he failed to deliver. This government is filled with promises that are not delivered.

“Now loyal public servants will be asked to make illegal repayments of any debt principal – whether repaying Treasury Bills, Bonds or Inscribed Stock, or loans to international financiers such as the World Bank, Asian Development Bank and Credit Suisse. This is not a simple administrative error – it is an attack on the heart of Parliamentary democracy based on a long history of struggles that any payments out of the government’s accounts must be approved by Parliament. This is yet another sign of the growing autocracy and power-grabbing tendencies of the O’Neill government, including its attempts to close down any critics. The government needs to clean up its mess urgently” said Mr Ling-Stuckey.

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

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Details

There is a long history of struggles between the government (used to be the King or Crown, now the executive headed by the Prime Minister) and the Parliament when it comes to matters of taxation and expenditure. Early Parliaments decided the best way to keep the government under some control was to have power over the "purse strings". In current arrangements, this means that PNG's Parliament must approve any expenditure through the annual budget appropriation process. If expenditure is not in the appropriation bill, it is constitutionally illegal.

One example of this struggle is the 1689 UK Bill of Rights.

1689

Bill of Rights. The Convention Parliament issued a Declaration of Rights which sharply condemned the actions of James II and asserted certain ancient rights and liberties. The declaration was later embodied in the Bill of Rights passed by Parliament in December and declared William and Mary joint sovereigns. The Bill incorporates the "Declaration of Rights":.

- "That the pretended power of suspending of laws or the execution of laws by regal authority without consent of Parliament is illegal;
- That the pretended power of dispensing with laws or the execution of laws by regal authority, as it hath been assumed and exercised of late, is illegal;
- That the commission for erecting the late Court of Commissioners for Ecclesiastical Causes, and all other commissions and court of like nature, are illegal and pernicious;
- That levying money for or to the use of the Crown by pretence of prerogative, without grant of Parliament, for longer time, or in other manner than the same is or shall be granted, is illegal;
- That it is the right of the subjects to petition the king, and all commitments and prosecutions for such petitioning are illegal;
- That the raising or keeping a standing army within the kingdom in time of peace, unless it be with consent of Parliament, is against law;
- That the subjects which are Protestants may have arms for their defence suitable to their conditions and as allowed by law;
- That election of members of Parliament ought to be free;

Source: <https://www.parliament.uk/documents/commons-information-office/g03.pdf>

This is now embedded in PNG's Constitution under section 209 which states:

PART VIII. – SUPERVISION AND CONTROL.

Division 1. – Public Finances.

Subdivision A. – The Parliament and Finance.

209. PARLIAMENTARY RESPONSIBILITY.

(1) Notwithstanding anything in this Constitution, the raising and expenditure of finance by the National Government, including the imposition of taxation and the raising of loans, is subject to authorization and control by the Parliament, and shall be regulated by an Act of the Parliament.