



Press Release

Bilateral Discussion with Australian Deputy Prime Minister and Treasurer, Hon. Wayne Swan

Thursday, 21st April 2011

Hon. Peter O'Neill, the Minister for Treasury and Finance attended the International Monetary Fund (IMF) and the World Bank (the Bank) Annual Board of Governors' Spring Meeting in Washington DC. In attendance was also his Australian counterpart, the Deputy Prime Minister and Treasurer, Hon. Wayne Swan. Both Leaders used the opportunity for a useful bilateral discussion.

Both leaders exchanged valuable insight to challenges being posed by events of global economy, particularly civil unrest in the middle-east, sluggish recovery from advanced economies and rapid growth in the emerging economies. Also discussed was the likelihood that commodity prices will remain high, particularly oil price, which will directly impact of food prices.

Another economic challenge facing the country is the inflationary outlook. Treasurer O'Neill acknowledged that a key challenge for the Government is to contain inflation so that it does not accelerate rapidly. Treasurer O'Neill indicated that the Government is monitoring the inflation closely with monthly discussions with the Governor of the Bank of Papua New Guinea, particularly on exchange rate movements against Australian Dollar. With Australia being our major trading partner the strengthening of Australian Dollar from recent commodity price boom has direct implication on inflation in PNG.

Treasurer O'Neill took the opportunity to express on behalf of the people and the Government of Papua New Guinea their sincere gratitude and appreciation to the people and the Government of Australia for continued support and assistance in development of our great nation. Both leaders acknowledged and pay tribute to the rich history that both countries share and pledged to continue this relationship for many years to come.

With the emergence of the LNG sector and the commencement of the PNG LNG project construction in 2010, PNG economy is forecasted to grow by 8 per cent in 2011. This is largely driven the commencement of PNG LNG Project and other sectors directly impacted by it. Treasurer O'Neill also thanked the Australian Government for EFIC financing which enabled the State to acquire its equity in the Project, and all the technical assistance including those specified under the *Joint Understanding on LNG Cooperation* between the Government of PNG and Australia. A major component of the technical assistance relates is being sourced from the Australian Department of Finance and Deregulation on the establishment of PNG Sovereign Wealth Fund.

With regard to aid assistance to PNG, Treasurer O'Neill welcomed the review of the partnership for development to focus on 4 key areas, such as infrastructure, health, education and law and order. He also commended the continued efforts of AusAID in leading development assistance and Australian advisers under the SGP program, particularly Australian Treasury, Department of Finance and Deregulation and provision of Australian Office of Financial Management for valuable assistance in capacity building of local officials in PNG Treasury.