



Papua New Guinea

OFFICE OF THE MINISTER FOR TREASURY

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PNG'S MACROECONOMIC STABLE: POLYE

The O'Neill-Dion government will continue to maintain macroeconomic stability in the country through its sound fiscal and monetary policies, Treasurer Don Pomb Polye said last Friday.

“The stability is a cornerstone upon which everything else is built in the country. Without macroeconomic stability there is no tax revenue to pay for vital government services, businesses can't operate effectively and there are no new jobs to employ our people,” he said.

Mr. Polye recalled that excessive government borrowing and poor expenditure effectiveness in the late 1990s led to a full blown macroeconomic crisis. The assistance of IFM and the donor partners played an important part in the recovery of the country's economy.

Last year the government announced the third Medium Term Fiscal Strategy which extends through to 2017, which also seeks to keep Government debt under control, while allowing for targeted increases in infrastructure, education and other needed spending that will build the foundation for economic growth in the future.

“The treasury put in place PNG'S first Medium Term Fiscal strategy, which allowed the country, over the span of a decade, to greatly reduce government debt levels. This led to higher rates of economic growth and provided the confidence that has led to the investment boom that PNG is currently experiencing.

“We have to look at examples of even rich developed countries in European countries that have been plunged into chaos as a result of a lack of macroeconomic stability,” he said.

According to Mr Polye, the economic growth proved remarkably resilient during the Global Financial Crisis and more recently, real economic growth has averaged over 10 per cent in the past two years and is set continue at a strong rate over the medium-term.

The treasurer reiterated that the government was also making process in reducing the scourge of corruption and improving the effectiveness of the Government service delivery, saying the government knows that ensuring better outcomes in these areas is a precondition for the country's continued development.

“We need to ensure that our debts levels and structure remain sustainable and resilient to shocks and that we maintain our clean separation of monetary and fiscal policy. We also need to maintain price stability so that standards of living and savings are not eroded and businesses have the confident to invest and to ensure that the non-mining export, or import competing, sectors of our economic are still able to share in the growth and prosperity that is being created.

Hon. Don Pomb Polye, CMG, BE (Civil), MBA, MIEPNG (Reg), MP

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