



2007 SUPPLEMENTARY BUDGET PRESS RELEASE: INVESTING IN THE NATION: NEW INFRASTRUCTURE SPENDING

In releasing the 2007 Supplementary Budget, the Minister for Treasury and Finance Patrick Pruaitch said that the Government is very keen to ensure that the proceeds from the commodity price boom are used for the future benefit of the nation. He added that as the additional revenue is derived from the sale of non-renewable natural resources of PNG, one good use of the funds is by investing for future generations by providing for development needs in PNG.

In allocating total additional revenue in 2007 of K1,637 million, the Government has decided to allocate a total of K893 million for the maintenance and development of public infrastructure. Minister Pruaitch said that this represents a large investment in providing for the future capability of PNG and that these funds will add substantially to the unspent funds of around K700 million currently in trusts that are available for infrastructure improvements in PNG.

Of the K893 million allocated to infrastructure in the 2007 Supplementary budget, the Government has decided to make K297 million available for new infrastructure projects, K240 million for maintaining public infrastructure and K356 million for district level infrastructure improvements.

New Infrastructure Projects

K297 million is allocated for the following new infrastructure projects:

Lae Port	K145 million
Lae Roads	K25 million
Capital City for Central Province	K30 million
Wewak wharf	K37 million
Housing & Urbanisation	K30 million
Wewak town road	K10 million
Port Moresby wharf	K10 million
Institutional Housing	K10 million

Minister Pruaitch stated that a large part of the new infrastructure spending was targeted at improving transportation infrastructure of ports and roads which have high economic and social benefits.

The expansion of Lae Port has been identified as vital for the continued growth of economic activity in the Highlands and Northern regions. He said that the existing port is not large enough to deal with the expansion in trade associated with rehabilitation of the Highlands Highway, LNG projects and the National Agricultural Development Plan. Therefore the Government and the Asian Development Bank have committed to building a larger port, on a schedule for completion by 2011. However, the 2007 Supplementary Budget provides pre-funding for all the Government's counterpart funding for this project, in order to get it completed well ahead of schedule.

The roads in Lae – PNG's second largest city – are in a state of disrepair. In order to rectify this, in conjunction with the expansion of Lae Port, an amount of K25 million has been allocated for rehabilitating the city's roads. These funds will be added to the existing transport rehabilitation trust account, to be drawn on as plans are developed and implemented.

Minister Pruaitch noted that when the National Capital District was formed, the people of Central Province lost their capital. He indicated that funds provided in the 2007 Supplementary Budget represents an opportunity to revisit the establishment of a new capital for Central Province, a project which began in 1998. K30 million has been provided for the installation of utilities and access roads for the Central Province.

Upgrading the wharf and resealing the roads in Wewak should increase the access and capacity of a large range of goods and producers to trade. The roads were last sealed during the colonial administration in the 1960s, and are currently in a poor state. Upgrading the wharf should cost K37 million, while resealing the roads would cost K10 million. An amount of K10 million has also been allocated for relocating the wharf in Port Moresby.

Minister Pruaitch said that the Government is very concerned about the housing problems in PNG, including the provision of housing for public servants and issues surrounding urbanization. The government has allocated K30 million for urbanization and housing issues and K10 million for institutional housing to assist in addressing these substantial problems.

The 2007 Supplementary Budget Speech is available on the Treasury website: www.treasury.gov.pg