



## **2007 SUPPLEMENTARY BUDGET PRESS RELEASE: REDUCING THE STATE'S SUPERANNUATION LIABILITY**

In releasing the 2007 Supplementary Budget, the Minister for Treasury and Finance stressed that in times of plenty it is important to repay the debts of the past. He said by repaying the State's liabilities, we are reducing the debt burden on our children, as well as freeing up extra resources for other priorities, such as education, health and law and justice.

Minister Pruaitch explained that in addition to the public debt of K6.7 billion, the State has an estimated K1.6 billion outstanding liability with Nambawan Super Limited.

These are unfunded superannuation retirement obligations to public servants. Strong economic growth, as well as rising values of property and commercial assets has resulted in strong earnings of members' contributions, which the State is required to match when it pays its obligations. While economic growth remains strong, and investment returns remain healthy, the prospective liability for the State will continue to grow rapidly.

Minister Pruaitch underlined the high priority that the Government places on the repayment of this Superannuation liability. He said that this will be done through a series of transfers of funds to Nambawan Super Limited, to hold and invest on members' behalf, starting with an initial amount of K250 million from the 2007 Supplementary Budget.

As well as reducing the cost through time of the State's Superannuation liability, a large portion of these funds will be used by Nambawan Super to invest in developing private sector businesses and infrastructure in PNG. From the perspective of improving the State's financial position and assisting to develop PNG's economy, this represents one of the best possible uses of additional revenue.

The 2007 Supplementary Budget Speech is available on the Treasury website: [www.treasury.gov.pg](http://www.treasury.gov.pg)