

PNG's Bright Economic Outlook

An aerial photograph of a tropical island, likely in Papua New Guinea, during a sunset. The island is covered in dense green forest and has a few small buildings. The water is a vibrant turquoise color, transitioning to a deep blue as it meets the horizon. The sun is low on the horizon, creating a bright orange and yellow glow that reflects on the water. The sky is filled with dramatic, dark clouds, some of which are illuminated by the setting sun.

**PNG MINISTER FOR TREASURY
IAN LING-STUCKEY, CMG.MP
2023 PNG RESOURCES AND ENERGY
INVESTMENT CONFERENCE
11 DECEMBER 2023**

Outline

- Budget Outlook
 - Budget Repair
- Growth Outlook
- Jobs and Wages Outlook
- Inflation Outlook
- Reform Outlook
 - FX solutions



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Sunday
BULLETIN

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**PRESIDENT BIDEN GREETES MARAPE AND
TREASURER AT WHITE HOUSE IN WASHINGTON**

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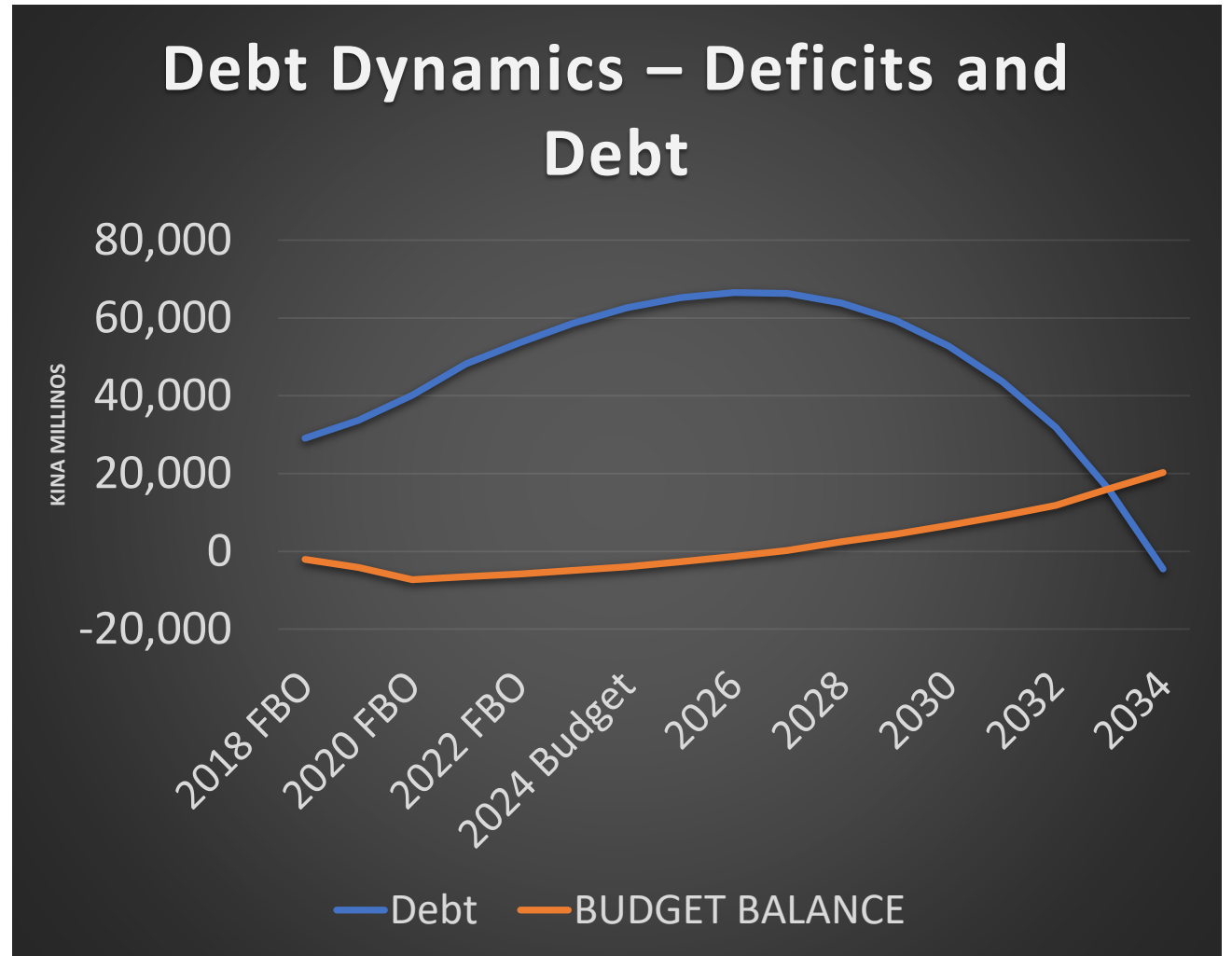
PNG's detailed 13 year Budget Repair Plan

(in K'million)	11th Parliament Budgets											12th Parliament Budgets					13th Parliament Budgets		
	2018 FBO	2019 FBO	2020 FBO	2021 FBO	2022 FBO	2023 Supp Budget	2024 Budget	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
1 GDP	79,404.7	83,845.2	85,348.4	92,321.6	111,241.2	111,350.8	122,519.1	132,634.1	141,939.7	152,339.4	167,573.4	184,462.6	203,199.1	223,998.9	247,104.5	272,788.9	301,359.2		
2 Non-Resource GDP	62,896.3	60,086.8	62,896.4	69,813.6	75,708.1	82,124.6	90,018.5	99,050.6	108,955.7	119,851.3	131,836.4	145,151.9	159,957.4	176,433.0	194,782.0	215,234.1	238,049.0		
3 Resource GDP	16,508.4	23,758.4	22,452.0	22,508.0	29,226.2	32,500.7	32,500.7	33,583.5	32,983.9	32,488.1	35,737.0	39,310.7	43,241.7	47,565.9	52,322.5	57,554.7	63,310.2		
4 GDP Nominal Growth (%)		5.6%	1.8%	8.2%	20.5%	0.1%	10.0%	8.3%	7.0%	7.3%	10.0%	10.1%	10.2%	10.2%	10.3%	10.4%	10.5%		
5 GDP Non-resource Nominal Growth (%)		-4.5%	4.7%	11.0%	8.4%	8.5%	9.6%	10.0%	10.0%	10.0%	10.0%	10.1%	10.2%	10.3%	10.4%	10.5%	10.6%		
6 GDP Non-resource Real		44,825.3	44,656.2	46,362.1	48,761.3	50,932.3	53,322.3	56,012.0	58,812.6	61,753.2	64,840.9	68,147.8	71,691.4	75,491.1	79,567.6	83,943.8	88,644.7		
7 GDP Real Growth		4.5%	-3.2%	-0.8%	5.2%	2.7%	5.3%	4.7%	3.6%	3.6%	5.0%	5.1%	5.2%	5.2%	5.3%	5.4%	5.5%		
8 GDP Non-resource Real Growth (%)			-0.4%	3.8%	5.2%	4.5%	4.7%	5.0%	5.0%	5.0%	5.0%	5.1%	5.2%	5.3%	5.4%	5.5%	5.6%		
9 Total Revenue	14,085.2	13,680.3	12,093.2	13,634.8	18,536.2	20,402.9	23,393.8	25,826.4	28,491.7	31,360.2	34,745.8	38,515.0	42,711.9	47,385.6	52,591.2	58,389.6	64,849.0		
10 % of GDP	17.7%	16.3%	14.2%	14.8%	16.7%	18.3%	19.1%	19.5%	20.1%	20.6%	20.7%	20.9%	21.0%	21.2%	21.3%	21.4%	21.5%		
11 Total revenue growth rate		-2.9%	-11.6%	12.7%	35.9%	10.1%	14.7%	10.4%	10.3%	10.1%	10.8%	10.8%	10.9%	10.9%	11.0%	11.0%	11.1%		
12 GoPNG Revenue (Total Revenue less Grants)	12,249	11,905	10,668	11,772	17,064	18,378.0	21,188.8	23,571.4	26,186.7	29,005.2	32,340.8	36,060.0	40,206.9	44,830.6	49,986.2	55,734.6	62,144.0		
13 % of GDP	15.4%	14.2%	12.5%	12.8%	15.3%	17%	17%	18%	18%	19%	19%	20%	20%	20%	20%	20%	21%		
14 Tax Revenue (Non-Resource)	9,701	10,157.3	9,618.7	10,494.0	12,417.4	13,295.1	15,144.7	17,834.5	20,466.0	23,021.6	25,669.1	28,621.0	31,912.4	35,582.4	39,674.3	44,236.9	49,324.1		
15 Tax Revenue (Resource MPT)	775	760.7	183.4	635.4	4,036.1	3,025.6	3,550.0	3,000.0	2,600.0	2,300.0	2,564.5	2,859.4	3,188.3	3,554.9	3,963.7	4,419.5	4,927.8		
16 Other Revenue (Non-Resource)	1,120	605.5	297.7	262.5	310.5	310.5	1,594.0	1,683.0	1,780.6	1,854.6	2,067.9	2,305.7	2,570.8	2,866.5	3,193.7	3,563.7	4,015.1		
17 Other Revenue (Resource)	653	381.2	568.5	380.5	300.0	982.5	900.0	1,053.9	1,340.1	1,829.0	2,039.3	2,273.8	2,535.3	2,826.9	3,152.0	3,514.5	3,918.6		
18 KPL dividends						700.0	641.2	750.9	954.8	1,303.1	1,452.9	1,620.0	1,806.3	2,014.1	2,245.7	2,503.9	2,791.9		
19 Other						282.5	258.8	303.0	385.3	525.9	586.4	653.8	729.0	812.8	906.3	1,010.5	1,126.7		
20 Grants	1,836	1,776	1,425	1,862	1,472.1	2,024.9	2,205.0	2,255.0	2,305.0	2,355.0	2,405.0	2,455.0	2,505.0	2,555.0	2,605.0	2,655.0	2,705.0		
21 Tax-to-GDP	13.2%	13.0%	11.5%	12.1%	14.8%	14.7%	15.3%	15.7%	16.3%	16.6%	16.8%	17.1%	17.3%	17.5%	17.7%	17.8%	18.0%		
22 Total Expenditure	16,134.1	17,852.3	19,397.8	20,130.8	24,390.0	25,337.9	27,377.5	28,480.6	29,805.9	31,131.1	32,268.1	34,106.1	36,032.0	38,267.7	40,788.6	42,306.9	44,568.2		
23 % of GDP	20.3%	21.3%	22.7%	21.8%	21.9%	22.8%	22.3%	21.5%	21.0%	20.4%	19.3%	18.5%	17.7%	17.1%	16.5%	15.5%	14.8%		
24 GoPNG Expenditure (Total Expenditure less Grants)	14,298.4	16,076.8	17,972.9	18,268.4	22,917.9	23,313.0	25,172.5	26,225.6	27,500.9	28,776.1	29,863.1	31,651.1	33,527.0	35,712.7	38,183.6	39,651.9	41,863.2		
25 % of GDP	18%	19%	21%	20%	21%	21%	21%	20%	19%	19%	18%	17%	16%	16%	15%	15%	14%		
26 Operational Component (PE and G&S)	8,515.7	8,503.6	9,156.0	9,295.7	10,816.8	11,299.9	12,091.3	12,458.2	13,099.8	13,968.1	14,042.2	14,912.7	15,946.2	17,313.6	18,990.9	19,694.2	21,237.9		
27 % of Total Expenditure		47.6%	47.2%	46.2%	44.3%	44.6%	44.2%	43.7%	44.0%	44.9%	43.5%	43.7%	44.3%	45.2%	46.6%	46.6%	47.7%		
28 PE and G&S (excluding elections)	8,515.7	8,503.6	9,156.0	9,295.7	10,121.0	11,299.9	12,091.3	12,458.2	12,849.8	13,268.1	14,042.2	14,912.7	15,896.2	17,013.6	18,290.9	19,694.2	21,237.9		
29 Growth rate		-0.1%	7.7%	1.5%	8.9%	11.6%	7.0%	3.0%	3.1%	3.3%	5.8%	6.2%	6.6%	7.0%	7.5%	7.7%	7.9%		
30 Compensation of Employees	5,198.4	5,423.7	5,831.5	6,093.7	6,490.3	6,942.0	7,034.3	7,329.4	7,646.4	7,987.0	8,487.1	9,068.8	9,748.1	10,544.7	11,484.1	12,531.1	13,699.1		
31 Teachers, police and health sector		2,440.0	2,712.3	2,849.6	3,068.5	2,927.2	3,161.4	3,414.3	3,687.5	3,982.5	4,340.9	4,775.0	5,300.2	5,936.3	6,708.0	7,580.0	8,565.4		
32 Number of teachers						68,110	71,516	75,091	78,846	82,788	87,755	93,898	101,410	110,537	121,591	133,750	147,125		
33 Number of health sector workers						16,843	17,685	18,569	19,498	20,473	21,701	23,220	25,078	27,335	30,068	33,075	36,383		
34 Number of police						6,222	6,722	7,222	7,722	8,222	8,722	9,222	9,722	10,222	11,244	12,369	13,605		
35 Other core CoE (includes key PFM and revenue collection agencies)						1,033.2	1,054.5	1,096.7	1,140.5	1,186.2	1,257.3	1,332.8	1,412.7	1,497.5	1,587.4	1,682.6	1,783.6		
36 Non-core CoE		2,983.7	3,119.2	3,244.1	3,421.8	2,981.6	2,818.4	2,818.4	2,818.4	2,818.4	2,888.8	2,961.0	3,035.1	3,110.9	3,188.7	3,268.4	3,350.1		
37 Goods and Services	3,317.3	3,079.9	3,324.5	3,202.0	4,326.5	4,357.9	5,057.1	5,128.8	5,453.5	5,981.1	5,555.1	5,843.9	6,198.2	6,768.9	7,506.9	7,163.2	7,538.8		
38 GTFS (1)		391.5	338.5		890.3	763.6	850.9	884.9	920.3	957.1	1,014.6	1,075.5	1,140.0	1,208.4	1,280.9	1,357.7	1,439.2		
39 HELP and TESAS (1)			60.5		94.5	87.1	135.0	140.4	146.0	151.9	161.0	170.6	180.9	191.7	203.2	215.4	228.3		
40 Medical Supplies (1)		234.3	216.8		201.4	237.5	237.5	247.0	256.9	267.2	283.2	300.2	318.2	337.3	357.5	379.0	401.7		
41 Rental (1)					281.1	353.0	341.9	355.6	369.8	384.6	407.7	432.1	458.1	485.5	514.7	545.5	578.3		
42 Utilities (1)					264.5	223.0	228.8	237.9	247.4	257.3	272.8	289.1	306.5	324.9	344.4	365.0	386.9		
43 Arrears (2)					411.0	450.0	450.0	450.0	450.0	450.0	477.0	505.6	536.0	568.1	602.2	638.3	676.6		
44 NTRA agency support (2)					100.0	100.0	100.0	100.0	100.0	100.0	106.0	112.4	119.1	126.2	133.8	141.9	150.4		
45 Defence, Police & CIS (2)					190.4	190.4	221.2	221.2	221.2	221.2	234.4	248.5	263.4	279.2	296.0	313.7	332.6		
46 Contingency Fund and PM/NEC decisions (2)					541.0	541.0	350.0	350.0	350.0	350.0	371.0	393.3	416.9	441.9	468.4	496.5	526.3		
47 Elections					695.8	-	-	-	250.0	700.0	-	-	50.0	300.0	700.0	-	46		
48 Other G&S	3,317.3	2,454.1	2,708.7	3,202.0	1,898.9	1,451.3	2,141.8	2,141.8	2,141.8	2,141.8	2,227.5	2,316.6	2,409.3	2,505.6	2,605.8	2,710.1	2,818.5		
49 CoE and G&S % of Total Expenditure	53%	48%	47%	46%	44%	45%	44%	44%	44%	45%	44%	44%	44%	45%	47%	47%	48%		
50 Provincial Transfers	1,015.7	1,113.7	1,175.2	1,279.0	1,122.6	1,458.1	1,535.6	1,712.2	1,909.1	2,128.6	2,373.4	2,646.4	2,950.7	3,290.0	3,668.4	4,090.3	4,560.7		
51 Provincial Functional Grants	504	501.3	588.1	557.8	445.2	642.1	638.0	711.4	793.2	884.4	986.1	1,099.5	1,225.9	1,366.9	1,524.1	1,699.4	1,894.8		
52 GST & BMT Transfers	511.9	612.4	587.1	721.2	677.4	816.0	897.6	1,000.8	1,115.9	1,244.2	1,387.3	1,546.9	1,724.8	1,923.1	2,144.3	2,390.9	2,665.8		
53 % of Total Expenditure	6.3%	6.2%	6.1%	6.4%	4.6%	5.8%	5.6%	6.0%	6.4%	6.8%	7.4%	7.8%	8.2%	8.6%	9.0%	9.7%	10.2%		
54 Interest Payment (Debt Service)	1,934.7	2,147.0	2,165.1	2,254.7	2,578.7	2,784.0	3,050.8	3,293.4	3,454.2	3,356.2	3,184.2	3,123.6	2,907.9	2,581.2	2,135.2	1,557.9	771.2		
55 % of Total Expenditure	12%	12%	11%	11%	11%	11%	11%	12%	12%	11%	10%	9%	8%	7%	5%	4%	2%		
56 Capital Investment Component	4,668.0	6,088.0	6,901.5	7,301.4	9,871.9	9,795.9	10,699.8	11,016.8	11,342.8	11,678.2	12,668.3	13,423.4	14,227.2	15,082.8	15,994.0	16,964.5	17,998.4		
57 % of Total Expenditure	29%	34%	36%	36%	40%	39%	39%	39%	38%	38%	39%	39%	39%	39%	40%	40%	57		
58 GoPNG PIP	2,040.7	3,000.5	3,908.9	3,945.5	6,952.3	6,615.0	7,281.0	7,535.8											

Debt declines from 2027

Deficits being reduced by a billion Kina a year – about 1% of GDP.

Debt continues to climb, but more slowly, before starting to be repaid from the budget surplus.



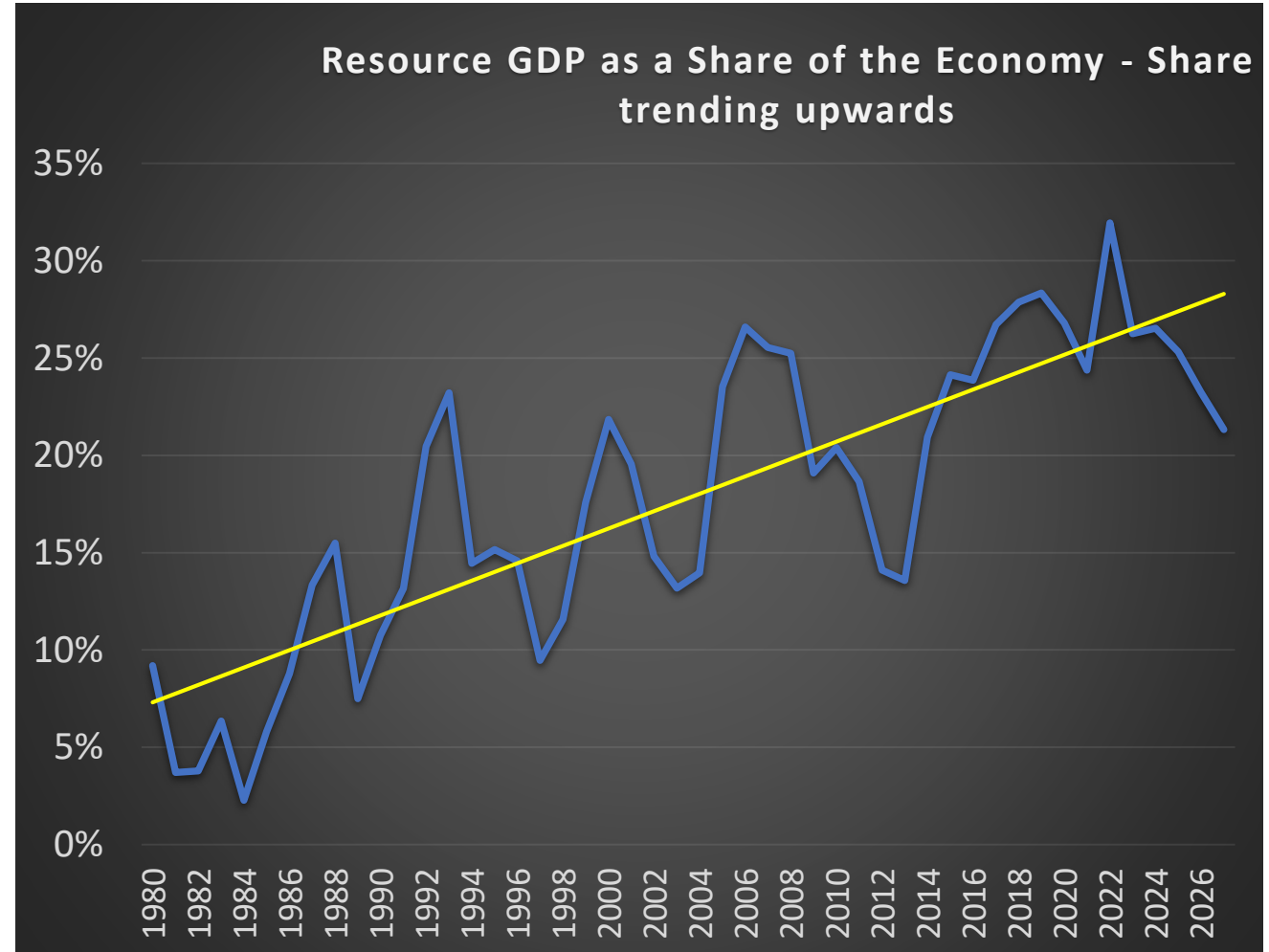
Budget Repair

- PNG's rate of budget repair is fast by international standards
- Backed by an IMF program
- IMF first review praised the 'strong performance'



Growth Outlook

- Resource sector growing strongly
 - Bigger share of a bigger economy
- Conservative GDP assumptions
 - New projects excluded until FID
- Considerable upsides
 - Local share of US12bn investment from Papua LNG
 - 2025 and 2026 – expect K3-4 billion higher in construction phase
 - Then in 2028 K12 billion export boost
- Growth in non-resource sector, strong recovery from COVID-19
 - 2022 to 2024 2nd best non-resource growth on record



Jobs, Inflation and Wages Outlook

- PNG's employment market very different than Australia's
- Less than 10% in formal sector employment
 - Vast majority in informal or subsistence sectors
- Minimum wage rate is K3.20 per hour (about AUD1.30 per hour)
 - Last increased in 2014
- Government working to increase supply of skilled labour
- Inflation is forecast to fall from 6.6% in 2022 down to 3.5% in 2023
 - and then returning to a very normal 5%

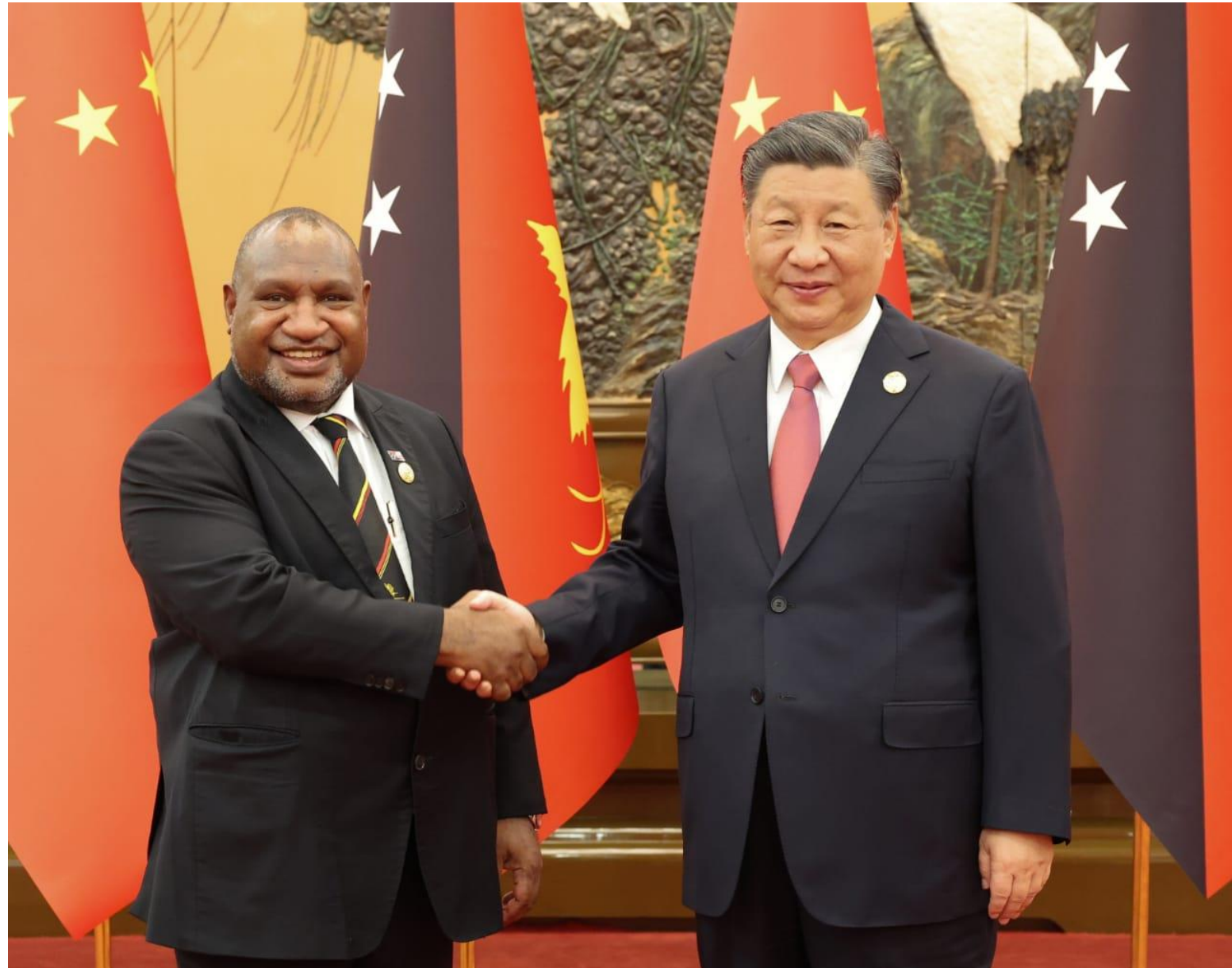


Strong Growth needs the FX problems fixed

- PNG Businesses been saying since 2015 that FX shortages greatest barrier to businesses in PNG
- For four years, business pleas fell on deaf ears
- Now a government that is listening
 - BPNG leadership no longer denying there is a FX problem
- Kina Convertibility
- New limits on level of outstanding import orders



- PNG Economy
- K200 million by 2031
- K300 million by 2035
- K1 trillion by 2048
- PNG – vision of a hub between the Pacific and the wider Asian region
 - Australian GDP
 - **USD1.7 trillion**
 - Chinese GDP USD
 - **18.1 trillion**
- Growth based on trade and investment
 - Moving towards economic independence



And thank you
Australia,
for being a friend
and a partner!



Jim Chalmers MP

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Another very enjoyable and productive discussion with my friend, PNG Treasurer Ian Ling-Stuckey in Brisbane today - good chance to catch up in advance of Prime Minister [Anthony Albanese's](#) visit next week.

