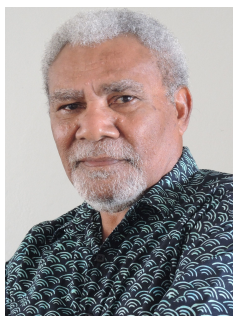


Public Statement on 2016 Final Budget Outcome and Treasurer's speech
by Rt Hon Sir Mekere Morauta
Port Moresby, April 2 2017

Latest revelations expose the depth of PNG's crisis



Former Prime Minister Sir Mekere Morauta said today the skeletons in the closet that the Prime Minister has been trying to hide have now been laid bare for all to see.

"Mr O'Neill can no longer pretend that everything is OK," Sir Mekere said. "He must drop the spin and the deception and let the people of Papua New Guinea know the full scale of the economic and financial disaster that he has caused."

Sir Mekere said Friday night's speech by the Treasurer, Patrick Pruaitch, and the release at the same time of the 2016 Final Budget Outcome, demonstrate conclusively that the Prime Minister has been misleading the nation.

"Everything that I have been saying for the past five years, along with Opposition Leader Don Polye, his deputy Sam Basil, and respected economists and other commentators, cannot now be denied," he said.

"The nation is in crisis, and the only solution is to get rid of the Prime Minister and his advisers who are responsible. The longer it takes for this to happen, the more intractable our problems will become, and the more pain it will take to correct them."

Both the Pruaitch speech and the 2016 Final Budget Outcome - http://www.treasury.gov.pg/html/national_budget/files/2012/budget_html/related_budget_documents.htm - show the full consequences of the Prime Minister's mismanagement of the economy and Government finances.

Government debt – the amount that the Prime Minister admits to – is K22 billion. That is K2.2 billion higher than the original 2016 Budget estimate of K19.7 billion. In the Final Budget Outcome, Treasury states that government debt is now 32.6 percent of GDP – way higher than the 30 percent permitted under the Fiscal Responsibility Act. And this excludes all the off-balance-sheet debt of State Enterprises and Export Credits.

"His own Treasury officials have exposed the Prime Minister's untruthfulness in his constant public statements that his debt is within legal limits and is sustainable," Sir Mekere said.

The Budget fiscal deficit is now K3.1 billion, or a disastrous 4.6 percent of GDP. The original Budget estimate was K2.1 billion, so instead of reducing the deficit as promised, Mr O'Neill has actually increased it. Most disturbingly, the Government's total income (revenue and grants) has continued to fall, from K12.6 billion in the original 2016 Budget to K10.5 billion in the Final Budget Outcome.

"These numbers, and others in the FBO and Mr Pruaitch's speech demonstrate clearly that Mr O'Neill has lost control of the economy and Government finances," Sir Mekere said. "They show that what I and others have been saying is 100 percent correct.

"In particular, Mr Pruaitch confirms my statements that public servants and others are not being paid their full wages and entitlements. It is distressing to hear that the highly respected Papua New Guineans who serve our country in PNG Embassies overseas *'have not received their salaries and wages for up to ten fortnights. Some face possible eviction from diplomatic offices and their homes. Children of diplomats in the US capital last year were forced to withdraw from educational institutions. Such abysmal treatment of PNG diplomats – our people, our representatives – in overseas jurisdictions has not happened before. It is happening now because the people who should care remain deaf to the constant cries for help and understanding'*."

Sir Mekere said Mr Pruaitch also shows how the Prime Minister has debased and perverted government systems and processes to suit his own interests. The Office of the Prime Minister, the Prime Minister himself and a few cronies have taken control of the Government, (and they accept no responsibility).

Ministers have no power. They are deliberately isolated from the information flows vital to the successful functioning of Government. Decision-making processes are bypassed. Departmental secretaries report directly to the Prime Minister rather than their Ministers. The Prime Minister and his cronies issue instructions – often illegally – directly to departmental heads. Members of Parliament are captives of the O'Neill system, held in handcuffs and leg irons by the promise of DSIP and PSIP funds. They are unable to represent their constituents or bring to them the development that is so urgently needed.

"Papua New Guinea cannot afford one more moment of this madness. Enough is enough."