



Media Statement

The global COVID-19 pandemic continues to present many challenges to the Government.

Therefore, I am today announcing a range of measures that will be actioned and put in place over the coming days and months to cushion our economy, support our local businesses and sustain employment and growth.

The Government is acutely aware of the global economic impact of the current crisis. Borders have closed. The movement of goods and people has been constrained. Economic activity has slowed, and in some major industrialised economies all but ground to a halt. Papua New Guinea is not immune from this. We live in an interdependent global world. We must therefore act quickly and decisively to ensure that we protect our economy and most importantly, our people.

The measures that I announce today seek to reassure our people and the business community and demonstrate that the Government is both willing and able to act.

The immediate measures that we will take include:

Fiscal Management

- A review and downward revision of the 2020 budget to reflect the changing and evolving economic circumstances that we face;
- A review all tax and non-tax revenue projections;
- The reprioritisation of expenditure for key and essential functions including health, education, law and order, and the Public Investment Program (PIP);
- Immediate cessation of all non-essential expenditure including conferences, vehicle purchases, overseas travel etc;
- A review of the PIP to consolidate funding for existing contract based projects along with counterpart funding support;
- Deferral of all some projects including the continued rollout of the NID and the national census until 2021;

- Rescheduling of loan repayments, including the conversion of Government Treasury Bills to Inscribed Bonds; and
- Reaching out to our key bilateral and multilateral partners, including other friendly private sector Firms to source new value based financing to enable retirement of expensive debt and financing of the budget.

Monetary Policy

- A review of cash reserve requirements (Cash Reserve Ratio, CRR) to increase total liquidity;
- A review of the Kina Facility Rate (KFR) to cushion upward pressure on interest rates;
- A Review of foreign exchange regulations to shorten the holding of export receipts offshore to no more than 3 months, and for surpluses to brought into the country immediately; and
- Application of stringent foreign exchange controls over currency trading by banks, to prevent overpricing of currencies.

To complement these measures, we will be working with the major commercial banks to provide short term relief to borrowers who are suffering the immediate impact of the current global crisis. These discussions will take place in the coming days, with further advice to be provided in due course.

The Treasurer, together with officials from the Department of Treasury, Bank of PNG and relevant Government Agencies have been directed to progress these measures in the coming days.

Parliament will be recalled as needed to pass necessary amendments to legislation and new laws.

I am confident that Papua New Guinea will be able to withstand the current global crisis. By working together in close consultation with industry we will ensure that the measures we put in place provide the immediate and longer term relief that is required.

I will continue to update the nation as the situation evolves.



HON JAMES MARAPE, MP
Prime Minister