

No. 26 of 2019.

Papua New Guinea Fiscal Responsibility (Amendment) Act 2019.

Certified on : 07 MAY 2021



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ARRANGEMENT OF SECTIONS.

1. Interpretation (Amendment of Section 3).
 - "concessional debt"
 - "Gross Domestic Product"
 - "reconstruction and growth debt".
2. Principles for the sound fiscal management (Amendment of Section 4).



No. 26 of 2019.

AN ACT

entitled

Papua New Guinea Fiscal Responsibility (Amendment) Act 2019.

Being an Act to amend the *Papua New Guinea Fiscal Responsibility Act 2006* and for related purposes.

Made by the National Parliament.

1. INTERPRETATION (AMENDMENT OF SECTION 3).

Section 3 of the Principal Act is amended by -

- (a) repealing the definition of “annual non-resources primary fiscal balance” and replacing it with the following:

““annual non-resources primary fiscal balance” means the annual net lending or borrowing amount in fiscal accounts adjusted for interest payments, and taxes and dividends from the mining, petroleum and gas sectors, but does not include expenditure and interest costs from reconstruction and growth debt;” and

- (b) repealing the definition of “general government debt” and replacing it with the following:

““general government debt” means all borrowings that require future payment of interest and/or principal by the Government to a creditor, and based on international best practice according to International Monetary Fund standards;” and

- (c) inserting the following new definitions in their correct alphabetical order:

““concessional debt” means a debt which has an interest rate of five percent or less per annum;

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“Gross Domestic Product” means the latest national account figure from the National Statistics Office (NSO), and for future years where the National Statistics Office has not yet produced a figure, a Gross Domestic Product estimate based on international best practice according to International Monetary Fund standards;

“reconstruction and growth debt” means a concessional debt incurred after 10 October 2019 from a multilateral organisation (the Asian Development Bank, World Bank, Asian Infrastructure Investment Bank, European Commission, International Monetary Fund or United Nations Organisations), or bilateral lending certified by the respective multilateral organisation as being directly related to one of its programs, especially one of its reform programs;”.

2. PRINCIPLES FOR THE SOUND FISCAL MANAGEMENT (AMENDMENT OF SECTION 4).

Section 4 of the Principal Act is amended by repealing Paragraphs (c), (ca) and (cb) and replacing them with the following:

- “(c) Government will seek to maintain the level of general government debt between 30 and 45 percent of the Gross Domestic Product; and
- (ca) by the end of a period of five years from the commencement of this Act, to mitigate temporary fiscal imbalances, the Government may exceed the lower boundary specified in Section 4(c), but not in excess of 40 percent of Gross Domestic Product, and by the end of the period of ten years from the commencement of this Act, not in excess of 35 percent of Gross Domestic Product, having regard to existing financing capacity, other liabilities and the size of contingent liabilities; and
- (cb) the Government’s long-term debt strategy target a debt level commensurate with the 30 percent lower boundary specified in Paragraph (c).”.

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I hereby certify that the above is a fair print of the ***Papua New Guinea Fiscal Responsibility (Amendment) Act 2019***, which has been made by the National Parliament.


Acting Clerk of the National Parliament.

07 MAY 2020

I hereby certify that the ***Papua New Guinea Fiscal Responsibility (Amendment) Act 2019***, was made by the National Parliament on 11 October 2019.


Speaker of the National Parliament.

07 MAY 2020