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Media Release

Public Borrowing Undemocratic, illegal and immoral

A new NRI article, released today warns of serious problems for Papua New Guinea if government borrowing and spending through sovereign community infrastructure treasury bills is not carefully monitored.

The article has described public borrowing through the bills as undemocratic, illegal and immoral and has called on parliament to follow set procedures and not interfere with mechanisms that are already in place.

“The inappropriateness of the bills signals serious repercussions that could arise if government borrowing and spending are not checked and supervised.”

The article informs that any public borrowing that does not follow the current mechanisms in place could result in the following:

- the accumulation of debt for the future generation of tax payers including our children;
- borrowing outside of the approved National Budget and without the approval of parliament undermines democracy;
- state-endorsed borrowing should follow guidelines in the Public Finance Management Act to ensure accountability; and
- public borrowing for special projects could create a spending frenzy.

The issue of government borrowing and spending caused a furor in the media earlier this year when Kokopo District secured K125 million from the National Superannuation Fund (NASFUND) through Sovereign Community Infrastructure Treasury Bills.

Author and Director of the National Research Institute Dr Thomas Webster explained that the ‘Special Kokopo Community Infrastructure Project’ is in breach of the Public Finance Management Act.

“To date, it is not too clear from the media, how the various components of the project have been designed; what are the decision-making processes for approving suppliers of such services; and the project management oversight systems,” he said.

He said that it was important for those in parliament to follow set procedures including going through a provincial tenders committee.

The National Research Institute - hosting the policy discussions that will shape Papua New Guinea’s future development.

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