



PRIME MINISTER

FOR MEDIA

WEDNESDAY, 24 SEPTEMBER, 1980

AID TO PAPUA NEW GUINEA

The Prime Minister, Mr. Malcolm Fraser, today announced a long-term aid commitment to Papua New Guinea.

The Prime Minister said that, after recent discussions with the Prime Minister of Papua New Guinea, Sir Julius Chan, the Government had accepted the recommendations of the report prepared by Sir John Crawford at the Government's request on the long-term aid arrangements to apply from 1 July, 1981. Sir John Crawford had had detailed discussions with Papua New Guinea Ministers and officials while preparing his report and a copy of it has been made available to the Government of Papua New Guinea.

Under these arrangements, the Government will provide Budget support grants to Papua New Guinea for each of the five years 1981/82 to 1985/86. Each year's grant will be calculated by applying to the previous year's grant (\$A232 million in 1980/81) a formula which takes account of the inflation rate in Australia while providing for a 5 per cent annual reduction in real terms in the level of the annual grant. The arrangements also provide for a review in the third year and for discussions between the two Governments on adjustments to the Budgetary support assistance in the event of sustained changes in the price of gold, an important source of revenue in Papua New Guinea.

On the basis of Sir John Crawford's formula and estimates, indicative figures for the grants would be:

- 1981/82 - \$A242 million; 1982/83 - \$A253 million;
- 1983/84 - \$A265 million; 1984/85 - \$A277 million; and
- 1985/86 - \$A289 million.

The Prime Minister said that, in addition to the Budget support grants, the Australian Government would continue to meet its obligations to former members of the Australian staffing assistance group, would complete the airport project at Port Moresby and would maintain the training programs for Papua New Guineans.

The Prime Minister said that these arrangements, which his Government would implement if returned to office after 18 October, were a continuation of Australia's substantial long-term support for Papua New Guinea's development. As with the 1976 aid arrangement, the new five-year commitment would enable the Papua New Guinea Government to pursue its economic and social development policies with advance knowledge of the resources available to it from Australia while also meeting Papua New Guinea's objective of increasing self-reliance through a gradual decline in Australian aid in real terms.

The Prime Minister said that these decisions reflected the high importance the Government continued to attach to Australia's relations with Papua New Guinea, its nearest neighbour.

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