



PRIME MINISTER

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PRIME MINISTERS OF PAPUA NEW GUINEA AND AUSTRALIA
ON AUSTRALIAN AID TO PAPUA NEW GUINEA

The Papua New Guinea Prime Minister, Mr Somare, and the Australian Prime Minister, Mr Fraser, announced today that the Australian aid supplement for 1978/79 under the Australian/Papua New Guinea Aid Agreement of 1976 would be \$A35 million.

The two Prime Ministers recalled that in their Joint Communique of 4 March 1976 they had agreed upon a new aid relationship which would properly reflect Papua New Guinea's independent status. It had been agreed that the objectives of the new relationship would be to facilitate and promote economic and social development for the people of Papua New Guinea, to facilitate the achievement by the Papua New Guinea Government of its objective of increasing self-reliance, and to enable Papua New Guinea to plan its development on the basis of resources available to it including those to be provided by Australia but to put an end to arrangements under which Australia had been involved in Papua New Guinea's budget-making.

The two Prime Ministers further recalled that, under the 1976 Agreement, Australia had agreed to enter into a new long-term commitment on economic and social aid to Papua New Guinea and to provide a minimum of \$A180 million in social and economic aid to Papua New Guinea for each of the five years beginning 1 July 1976. Further annual supplements to this basic annual grant were to be considered in the light of circumstances. It was decided that the annual supplements for 1976/77 and 1977/78 above the base figure of \$A180 would be \$10 million and \$20 million respectively.

In the past few weeks there had been exchanges of views between the Australian and Papua New Guinea Governments on the question of further annual supplements under the Agreement.

The Papua New Guinea Minister for Foreign Affairs, Mr Olewale, had discussions with Australian Ministers on the matter in September. During October, the Australian Minister for Foreign Affairs, Mr Peacock, also had discussions with Mr Holloway, the Papua New Guinea Finance Minister. Noting that the Papua New Guinea

Government had decided to move to a calendar fiscal year with effect from 1 January 1978, it was agreed that a decision on the level of supplementation for 1978/79 was needed in the near future.

On the basis of these Ministerial exchanges Mr Fraser has now informed Mr Somare that, subject to normal Parliamentary procedures relating to appropriations, the Australian Government will provide Papua New Guinea with an annual supplement in 1978/79, the third year of the Agreement, of \$A35 million. This will bring the Australian aid grant to Papua New Guinea for that year to \$A215 million.

Mr Fraser also confirmed to Mr Somare that the Australian Government will give full and detailed consideration to ways and means by which the 1976 Agreement might be further developed on the question of the determination of the annual supplements for the fourth and fifth years of the Agreement.

Mr Somare expressed his Government's warm appreciation of the Australian Government's decision on the level of the aid supplement for 1978/79 which he and his Ministerial colleagues saw as a renewed earnest of the Australian Government's commitment to the agreed objectives of the 1976 Aid Agreement.
