

FIRST DAY

Tuesday 22 March 2016

DRAFT HANSARD

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FIRST DAY

Tuesday 22 March 2016

The Parliament met at 2 p.m., according to the Terms of Resolution of 4 November 2015.

The Acting Speaker (**Mr Aide Ganasi**) took the Chair.

There being no quorum present, Mr Acting Speaker stated that he would resume the Chair after the ringing of the bells.

Sitting suspended.

The Acting Speaker again took the Chair at 2.30 p.m., and invited the Member for Pomio, **Honourable Elias Kapavore** to say Prayers:

‘Heavenly Father mipela tok tenkyu lon dispela taim we ol lidas of dispela great nation I kam bung tudei. Mipela komitim dispela yia igo ken lon yu. Mipela prei tok tenkyu lon Praim Minista, Oposisin Lida, Ol Ministas, Gavanoas, Membas lon Displa Palament wantaim olgeta pipol blon Papua New Guinea igo lon han blon yu tudei. Mipela prei det Papa God yu continue to lead us, igat planti ol challenges lon dispela nation so Papa God mipela prei olsem mipela putim yu olsem namba wan lon displa nation na lon liaf blon mipela na mipela save olsem olgeta samtin bai I go orait. Tudei mipela prei na komitim olgeta ol Papers, important Bills that will be coming up this week igo next week mipela nidim halivim blo yu ananit lon direction blo Holy Spirit blo yu lon kisim mipela go tru lon olgeta samtin mipela discuss lon en. Tenkyu Lord. In Jesus Name we pray, Amen.’

BROADCASTING OF PARLIAMENTARY PROCEEDINGS – STATEMENT BY Mr ACTING SPEAKER

Mr ACTING SPEAKER – I have to inform the Parliament that the Permanent Parliamentary Committee on Broadcasting of Parliamentary Proceedings met today and resolved that;

- a) *National Broadcasting Commission* will be allowed to telecast live *Questions Time*,
 - b) *EMTV* will be allowed to televise *Questions Time* for news purposes,
 - c) *TV WAN* will be allowed to televise *Questions Time* for news purposes,
- for the duration of this meeting.

**RETURN OF WRITS (IJIVITARI OPEN ELECTORATE) –
DECLARATION OF LOYALTY AND DECLARATION OF OFFICE
STATEMENT BY THE ACTING SPEAKER**

Mr ACTING SPEAKER – Honourable Members, I have to inform the Parliament that His Excellency, the Acting Governor-General issued a Writ on 3 September 2015 for a by-election to fill the vacant office of the Member for Ijivitari Open Electorate and that by the endorsement on the Writ, it was certified that Honourable David Arore was duly elected as Member for Ijivitari Open Electorate.

The Honourable Member was sworn into office at the National Parliament State Dining Room on Monday, 20 January 2016, where he made his declaration of Loyalty and Declaration of Office before me.

02/01

I call upon the Prime Minister to move the Condolence Motion in connection with the death of the Member for South Bougainville and the Minister assisting the Prime Minister on Constitutional Matters, the Late Mr Steven Pirika Kamma.

**CONDOLENCES MOTION (Mr STEVEN PIRIKA KAMMA) –
STATEMENT BY THE PRIME MINISTER**

Mr PETER O'NEILL (Ialibu-Pangia – Prime Minister) – I move –

That this Parliament expresses its deepest regret at the death on the 20 February, 2016 of Mr Steven Pirika Kamma, MP, Member for South Bougainville, Minister assisting the Prime Minister on Constitutional Matters.

Mr Acting Speaker, I place on record the appreciation for his public service and tender our profound sympathy to his family and his electorate. He was declared as an elected Member for South Bougainville Open Electorate after a Court of Disputed Returns and

declaration of the recount of votes dated 9 October, 2008. And was sworn in as a Member of Parliament on 1 December, 2008, where he made his declaration of loyalty of office. He was then appointed as the Minister for Bougainville Affairs on 5 August, 2011.

He was then re-elected to National Parliament from 2012 to 2017 for the same seat and was appointed Minister assisting the Prime Minister on Constitutional Matters in August, 2012.

Mr Acting Speaker, I move that this Parliament now expresses its profound sympathy to his family and electorate.

Thank you, Mr Acting Speaker.

Mr ACTIING SPEAKER – I call upon the Opposition Leader to second the motion and speak on the motion.

Mr DON POLYE (Kandep – Leader of the Opposition) – I second the motion by the Prime Minister and I will speak on the motion.

Mr Acting Speaker, thank you, and on behalf of the Opposition and also the people of Papua New Guinea I convey our solidarity, sympathies and condolences to the people of South Bougainville, the people of Bougainville and the immediate family members of the Honourable Steven Pirika Kamma. We pray that at this time of bereavement that there will be peace and comfort with the people and families of the Honourable Late Member.

Let me also at this juncture make an important note, and that, whilst I understand that the Electoral Commissioner has made an announcement saying in the next few months or after the Parliament Meetings that there will not be any bi-elections.

I, therefore, would like to call upon this Honourable House to take note that in any parliament sitting the region of Bougainville is a very important, sensitive and delicate seat. And a special consideration, exception and recognition should to given to this particular seat of Bougainville and I believe that the Electoral Commission under the Prime Minister's direction should be given a directive to conduct a bi-election for the South Bougainville seat as soon as possible to represent the people in the autonomous region.

Mr Acting Speaker, nevertheless, we are with the families, the people there and with the supporters and friends throughout Papua New Guinea as well as overseas of the Late Member of Parliament. He was a wonderful leader and a very strong leader and he contributed immensely to this country and its development programmes and we will sadly miss him.

Thank you, Mr Acting Speaker.

03/01

Mr WILLIAM DUMA (Hagen-Minister for State Enterprise) –Thank you Mr Acting Speaker, on behalf of the United Resources Party, coalition partners and the ruling Peoples National Congress party of whom the late Honourable Steven Pirika Kamma was a member, I also like to take this opportunity to express and convey our sincere condolences and sympathies to the family of the late honourable Steven Kamma.

Mr Acting Speaker, as we know, Mr Kamma was a passionate advocate of the rights of the people of Bougainville and he was a true believer in national unity and he was one of the few national leaders who was able to continue to press for and vocally and consistently support a truly united Papua New Guinea and his tragic passing will be a true loss for the people of Papua New Guinea as well as the people of Bougainville.

Ms LOUJAYA KOUZA (Lae) – Thank you, Mr Acting Speaker, for according me the recognition on behalf of the people of Lae, to acknowledge Mr Steven Kamma. He was the one that used to sit next to me most of the time within the Government Caucus meeting. I would like to draw attention to this honourable House that the Bi-partisan Committee of Bougainville Matters that consists of all non-Bougainvillians to please consider to include either as Chair or deputy chair, Mr Joe Lera and have representation of a Bougainvillian in this most important committee, thank you.

Mr BEN MICAH (Kavieng – Minister for Petroleum and Gas) – Mr Acting Speaker, I would like to join the Prime Minister, the Opposition Leader and the leader of the United Resources Party of which the late Member of South Bougainville was a part of until his untimely passing.

On behalf of my family who has relations with the late Member's family and the Peoples Progress Party which I am the Leader, I would like to pass my condolences to Mr Duma and members of the United Resources Party for the loss of one of their Member. In this political groupings within Parliament we are like a political family. The late Steven Pirika Kamma was part of United Resources Party from his election until the time of his passing therefore I forward my condolences to the members and leaders within that party.

I acknowledge the late Steven Kamma as a representative of many Papua New Guineans with a strong entrepreneurial spirit despite his limited education. He left behind one of the largest pest control company ever owned by any Papua New Guinean which he built up from his sweat. Thus while we mourn his passing we also acknowledge the legacy he left behind.

In addition to that he was also elected to represent the people of South Bougainville and he performed his role as the State Minister where he helped us to guide the future of Bougainville within a unified Papua New Guinea. That was his hope and he died with a strong conviction that Bougainville must remain a part of Papua New Guinea and I would like to register this statement in this House in memory of him as he used to state, may his soul rest in peace.

Motion –That the Condolence Messages be noted – agreed to.

All Honourable Members stood in their places and observed a minute silence in memory of the late Gentleman.

04/01

Mr ACTING SPEAKER – Honourable Members, I thank Parliament

**DEATHS OF FORMER MEMBERS (Mr Simon Kaumi and Mr Koitaga Mano) –
STATEMENT BY THE ACTING SPEAKER.**

Mr ACTING SPEAKER – Honourable Members, I have to inform parliament of the following deaths:

(a) Mr Simon Banaba Kaumi on 24 November 2015. A former member for Ijivitari

Open Electorate in the Fifth National Parliament from 1992 to 1997 and Sixth National Parliament from 1997 to 2002.

During his term as a member, he was appointed shadow minister for foreign affairs in August 1992, and was also appointed Deputy Chairman of the Legislation Committee in November 1994, he was re-elected to the same seat from 1997 to 2002 and was appointed minister for Provincial Affairs and Local Level Government in July 1997 after the formation

of the Skate Government till December 1998. He was then appointed minister for Justice until 1999, he was leader of the People's National Congress Party from December 1997 till his resignation from the party in April 2000, he was a member of the Appointments Committee and Privileges Committee from November 1999, Deputy Chairman of the Emergency Committee from 1999 to 2000, Constitutional Developments Committee from August 1999, Standing Orders Committee from April 2000 and Chairman of the Infrastructure Development Committee from June 2000.

(b) Mr Koitaga Mano on 14 March 2016. A former Member for the Tambul-Nebilyer

Open Electorate, he was first elected to the First House of Assembly for Ialibu Open Seat from 1964 to 1968. He was re-elected for the Second House of Assembly for Kandep-Tambul Open Seat and Third House of Assembly and also the First National Parliament for the same seat from 1972 to 1975. During his terms he was appointed Member of Works and Services Committee from 1968 to 1972.

As a mark of respect to the memory of the late honourable gentlemen, I invite all honourable Members to rise in their places.

All Honourable Members present stood in their places and observed a minute silence in memory of the late Gentlemen.

05/01

CERTIFICATION OF ACTS AND LAW

Mr ACTING SPEAKER – Honourable Members, I have to inform the Parliament that in accordance with *110 of the Constitution* I have certified the following Acts and a law as having been passed:

1. *Arrest (Amendment) Act 2015*
2. *Migration (Amendment) Act 2015*
3. *Climate Change (Management) Act 2015*
4. *Anti-Money Laundering and Counter Terrorist Financing Act 2015*
5. *Criminal Code (Money Laundering and Terrorist Financing) (Amendment) Act 2015*
6. *Proceeds of Crime (Amendment) Act 2015*
7. *United Nation Financial Sanitation Act 2015*

8. *Appropriation (General Public Services Expenditure 2016) Act 2015*
9. *Appropriation (Judiciary Services 2016) Act 2015*
10. *Appropriation (National Parliament 2016) Act 2015*
11. *Customs (2016 Budget) (Amendment) Act 2015*
12. *Customs Tariff (Amendment) Act 2015*
13. *Defence Force Retirement Benefits (Amendment) Act 2015*
14. *Excise Tariff (Amendment) Act 2015*
15. *Goods and Services Tax (2016 Budget) (Amendment) Act 2015*
16. *Goods and Services Tax (Amendment) Act 2015*
17. *Income Tax (2016 Budget) (Amendment) Act 2015*
18. *Income (Tax Amendment) Act 2015*
19. *Supplementary (Appropriation Reduction) Act 2015*
20. *District Development Authority (Amendment) 2015*
21. *Kokopo City Authority Act 2015*
22. *Lukautim Pikinini Act 2015*
23. *Mt. Hagen City Authority (Amendment) Act 2015*
24. *Search (Amendment) Act 2015*
25. *Unconventional Hydrocarbons Act 2015*
26. *Criminal Code (Amendment) Act 2015*
27. *Mental Health Act 2015*
28. *Public Health (Amendment) Act 2015*
29. *Organic Law on the Sovereign Wealth Fund 2015*

QUESTIONS

Foreign Reserves Declining

Mr DON POLYE – I direct my questions to the Prime Minister and other relevant Ministers to take note.

Prime Minister, what is your Government doing or what do you intend to do in the interest of the people of Papua New Guinea under the following prevailing conditions.

(1) The import orders have increased over a period of time. As at 14 March 2016, the unsealed orders average K784 million per week. The market is under extreme pressure to clear the order in light of shortage of foreign currency. Importers are currently having

difficulties importing their stocks from overseas and most of them are small and medium enterprises thus affecting their operations.

(2) As of the same date of 14 March 2016, the Bank of Papua New Guinea foreign reserve has depleted to US\$1.8 billion with no influence from direct foreign investment and from export receipts. Going forward, reserve is projected to further decline very shortly to US\$1.7 billion and because of this, the Bank of Papua New Guinea will not intervene in the market to assist clear the unfilled orders in a bar. The Kina exchange rate is currently at US\$0.32 in the interbank but US\$0.31 at the commercial bank and as you know, our currency is falling quite rapidly.

(3) The total public debt level as envisaged in your budget stands at K18 billion. That is not taking into consideration the K3 billion UBS loan and K1 billion owed to the public service superannuation or the Nambawan Super. If you take those into consideration then your foreign debt will stand at K22 billion so that means your debt GDP ratio is up to 70 per cent mark at present. Mr Acting Speaker, I know my maths very well but I do not know how to tell lies.

(4) The Government cash flow has been currently under very tight and extreme pressure. There are insufficient revenue inflows via dividends from SOEs at corporate taxes in light of declining international oil and commodity prices. The export receipts have been very low over the last three months.

06/01

In order to meet the budget short-fall the Treasurer, Mr Pruaitch, has increased your issuances of securities treasury bills, mainly to finance the deficit. So of all the issuances you have a shortfall of K900 million to date, not even mid-year yet and you are short of K1 billion already. You cannot raised that in the treasury bills in the domestic market.

We are yet to hear the official position of the Government of the K2.5 billion Sovereign Bond Issuances of May 2015.

(5) What is the Government's position and tell us the truth, has it been successful or failed?

If you are an economist you will understand where I am coming from and that my smart colleagues on the other side will have to tell me.

The consequences of this has been a decline in the economic growth and budget cuts everywhere including health and education. Did I not hear in the media of Public Service salary's cut and the Members of Parliament not getting their pay for six fortnights? If you are

a PNC Member you would have got your salary. The SME is dying and there are no health services provided.

What is the Prime Minister and his Government doing in this very difficult conditions?

Mr Acting Speaker, if the Minister for National Planning can forget about the National Identity and look at economic issues then he would understand what I am talking about.

Mr PETER O'NEILL – Mr Acting Speaker, I thank the Member for Kandep and Leader of Opposition for his series of questions.

As former Treasurer he understands how the monetary and the financial systems of our country works. He knows precisely how the Government manage their financial positions on the day-to-day basis and how it funds the budget once approved in Parliament every November.

Mr Acting Speaker, couple of things. I will mention; the monetary policy of any country is not managed by the Government but it's managed independently by the Central Bank. This Government or any other Government has got no right to give directions to the Governor of the Central Bank or the Boards of Central Bank on how they manage monetary policies; as such they are responsible for managing our foreign exchange reserves and of course our currency, interest rates and all these are key instruments that the Central Bank used to manage monetary policy in any country.

07/01

Mr Acting Speaker, It is no surprise that everybody in the country knows that the foreign exchange issues have been around where importers are struggling to get enough foreign currency to pay their bills the facts are,

Mr Acting Speaker, our export revenue has been on the decline. Of oil prices have dropped from over US\$100 per barrel down to less than US\$27 per barrel, that is a huge drop in anybody's language. So, obviously, the revenue is affected. That is why we came in November 2015 with a budget that is trying to average out pricing that will give us a better pricing. But over the last few months is from December, January and February everybody knows what global prices are and that is based on supply and demand.

Mr Acting Speaker, it is not gazetted by Government of Papua New Guinea, it is dictated by world global circumstances and the good oppositions knows that, unless he control the global Markets, I'll be interested in what solutions that he will provide .

Mr Acting Speaker, I know grand standing to the highest degree to say anything that we want but we must to be responsible on what we say and it must be factual.

Mr Acting Speaker, it has been noted that our currency has been under pressure but it is not declined to the degrees that is talking about., Our long term averages for our currency is about 31, 32, cent per US Dollar. That's the long term average for our currency. Central Bank intervene to ensure we protect our currency and that is their primary responsibility. Based on independent advice, they make these decisions.

The Government of Papua New Guinea does not make the decisions.

Mr Acting Speaker again, on the second issue about public debt, it is clear evidence from the quarterly reports from Central Bank that 17 billion kina is our total debt which is below 35 percent of GDP, where he makes up all other figures. I don't know but he has to prove it. I know he has a great obsession with the UBS loan and oil search.

Mr Acting Speaker, even today in cabinet the amount that you are talking about was not mentioned, we talked about the same issues. It is not K3 billion Kina. It is K2.2 billion. It is clearly stated but you have refuse to accept facts because it makes you feel good that you can grandstand about the political issues in the country.

The second issue is about Nambawan Super, you talking about the contributions of outstanding contributions there. You tell me who put it there? They are talking about the debt from 2002 to 2010 and who was in the Government? Ask yourself, why didn't you pay the bill For the Public Servants in the country, who was managing the Budget? You were doing it at the same time only from 2011 till now we are up-to-date, Mr Acting Speaker. Don't ask questions when you have a long record of being in the government and neglected everything and then coming back and grandstanding.

(Members Interjecting)

Mr Don Polye - Point of Order! When I was the Deputy Prime Minister under the Grand Chief Somare, your Treasurer Honourable Pruaitch was the Minister and we taught you how to run this country's economy and that is exactly what you are enjoying now. You will find that we had no debts there and the country was governed well. So can you stop debating and just respond to my questions.

Sir Michael Somare - Point of Order! Mr Acting Speaker, it would be honourable if the Prime Minister and the Treasurer can explain to us the state of the country's economy and

put in perspective these matters so that we are not confused and keep asking the same questions. Let the Treasurer and his official's outline why this country is running short of money and also address why public servants are gathering and considering marching to Parliament. I don't think the Prime Minister and his Treasurer are on the same page here.

(Laughter in the Chamber)

Mr ACTING SPEAKER - Governor of East Sepik, allow the Prime Minister to respond to these issues.

08/01

Mr PETER O'NEILL – Mr Acting Speaker, I am grateful for the Point of Orders raised but, it obviously shows that some of us are –

Sir Michael Somare – Point of Order! Mr Acting Speaker, you seem to ignore what I am saying. Would it be possible for the Prime Minister to direct his Treasurer to give a statement on the status of the economy in the country?

Mr ACTING SPEAKER – Your point of Order is out of Order. Prime Minister continue with your response.

Mr PETER O'NEILL – Mr Acting Speaker that money is outstanding for public servants contributors to Nambawan Super and it is accumulation from many years since 2002 to 2010, so we leave it at there. We know who is responsible and never carried out their duties.

This Government is trying to fix all those issues. That does not mean it will increase more liabilities on the Government. Today we are continuing to pay public servants who then pay to Nambawan Super. In fact, from what I am told we are up to date, but we've got a long term obligation from previous areas that are still yet to be paid.

Mr Acting Speaker, regarding the third issue on the Treasury Bills, the Opposition Leader knows that, that is one of the instruments governments use to fund Budgets. Apart from revenues from taxes, customs and other revenues that the Government gets like dividends, when there is a short fall we must go to the market with Treasury Bills. They issue it all the time, in fact every month.

This is not the first time we are issuing Treasury Bills in this Country. It has been done for 40 years and is made possible by law.

The Opposition Leader himself when he was once a Treasurer of this country and he used to issue these bonds himself.

Why we are going to the market is because the Budget that we approved in November indicates that we have to go out to the market to raise money to finance the Budget. That is what this Government is doing. There is no doubt that we have a situation where revenues in the first two months are a bit slow where many of the markets have closed for Christmas so taxes and other revenues coming into the market in January and February because businesses are slow to come back to work but the Government is able to meet its obligations by paying its bills. It is meeting its obligations in loans and long term commitments. We are funding projects and yet nobody is going hungry. Why all these fuss and jumping up and down? Obviously, School Fees, Health Services are being paid. I can't see the Opposition Leader complaining about salaries, he has been paid. Let's not mislead the people of our country.

Mr Acting Speaker, this Government is meeting its obligations and we are doing what you failed to do when you were in Government for 12 years.

Mr Acting Speaker, in regards to the Sovereign Bond, yes, the Government was trying to go to the Sovereign Bond where our officials and advisors prepared documents, but the global market was not conducive because the rates were getting higher. When we had to go to the markets Papua New Guinea was to pay a high cost.

When we are borrowing monies locally, it is about 6 percent while the Bond market was trading at around 9 percent. Why would we commit this nation to pay at a higher cost? That is why the bond has not been issued yet, until the market conditions are right then we will go there. That is a normal Government transaction that is done on a very prudent manner.

That is why we have not gone out to the international market to try and issue bonds so that we can raise money for our country to convert some of the domestic debt into foreign currency which will bring foreign currency into the country.

Mr Acting Speaker, we are using every instrument possible and we are paying for some of the best advisors money can pay for so, that they can be able to guide us through this.

Mr Acting Speaker, there have been people like Dr Jacob Weiss who has been managing our economy for the last 27 years.

Don Polye – That guy is a wrong advisor.

Mr PETER O'NEILL – Mr Acting Speaker, we are getting prudent advise. When the Opposition Leader talks about the economy struggling, just last year the outcomes both from Treasury and Bank of Papua New Guinea indicated that our economy grew by 9.2 percent, even in a struggling environment.

If he can recall, when we were discussing this when he was Treasurer he was projecting a 20 plus percent growth in our economy but in fact it was 21 percent.

He easily forgets all of these. But last year we produced an outturn of 9.2 percent in economy growth.

Mr Acting Speaker that is not a sign of a struggling economy. That is an economy performing well. It is an economy that people like our good Opposition Leader must have confidence in.

09/01

That is an economy that is doing well and it is about an economy that our Opposition Leader must have confidence in.

If you do not have the confidence in the economy, then, Mr Speaker –

Mr Don Polye – Point of Order! The Prime Minister keeps putting things and issues back to me. The question was for him to answer, and when you talk about a GDP growth – now, we have passed that GDP growth in case he does not understand.

Regarding the GDP growth, we have passed that and we are now talking about translating that into the micro level and I had asked specific questions with specific statistics. If you can answer the statistics then I think you will the stay within the frame of my questions because I think that you are getting lost, Mr Prime Minister.

Mr ACTING SPEAKER – Mr Prime Minister, you may continue.

Mr PETER O'NEILL – I always appreciate my good brother form Kandep for his guidance so I will be guided by him. But let me say that I will refer to the *Hansard* so that he will be appreciative that the questions that he asked were answered. And, he is talking about cuts including public servants cuts but there is no cuts. The cuts were approved on how we can reduce our country's government's expenditure in November of 2015.

We did the cuts then and we are just following the Budget that this Parliament approved, Mr Speaker. I do not know of which cuts that he is talking about. We have no

intentions of sacking anyone. We want to make sure that Papua New Guineans are employed, paid, have meals on their tables, kids go to school, the sick go and get medicine at the hospitals.

Mr Speaker, this is what we are doing and we will continue to do as well.

Thank you, Mr Speaker.

Supplementary Question

Oil and Gas Prices

Mr KERENGA KUA – Mr Speaker, I am confused.

If we dig up the *Hansard*, sometime ago there were concerns expressed on this Floor of this Parliament about the potential impacts of any declining oil and gas prices. And my learned brother, Member for Tari-Pori and Minister for Finance assured this Parliament that the gas price was locked in a forward gas marketing and sales agreement. Also, that any decline in prices would not impact upon the revenue, and that was what he said. I for one, had a lot of comfort as did other Members of Parliament and every other citizen of this country that we were going to be quarantined, insulated and protected in such a scenario.

Mr Speaker, now that does not seem to be the case because right now our Prime Minister has given a contradictory position. He is saying that because of the declining gas prices which has impacted upon our gas sales, our revenues have declined and therefore we are not collecting the revenue that we had envisioned. Now, the Budget is not my budget because I am just an ordinary Member of this Parliament and it is based on estimates, foresights, wisdoms and visions of those directly in my line of view on that side.

Mr ACTING SPEAKER – Honourable Member, ask your supplementary question.

Mr KERENGA KUA – Mr Acting Speaker, the question is clear as it speaks for itself in the two paragraphs that I have spoken.

- (1) What is the correct position under our gas sales and marketing agreement?
- (2) Are we quarantined from any fluctuations in the gas prices and oil prices?
- (3) Or, is it less open to the vagaries of the open market?

(4) If there are some limited protections then what are they then?

In what circumstances do those market forces kick in and in what circumstances they don't?

(5) In other words, what protection do we have for the revenues that is guaranteed by this gas project?

We need some clarity and we need to eliminate this confusion and this are fair questions. We need clean honest answers so that we all here as leaders we know because it impacts upon the National Budget and how we deliver on our expenditures, and the people need to know.

Mr PETER O'NEILL – I thank the good Member for Sinasina-Yongguml for his series of questions.

Mr Acting Speaker, when we ask questions on the Floor we know very well what we have done.

Don Polye – Can you answer the question?

Mr PETER O'NEILL – Yes, I am getting there, Mr Opposition Leader just be patient.

Mr ACTING SPEAKER – Order! Mr Prime Minister you may continue.

Mr PETER O'NEILL – Mr Acting Speaker, in fact the good Member was the chairman of Kroton which was the principal owner of the shares in the LNG Project on behalf of our government. With that, he also did a lot of legal advisory work around this issue, so he already knows the answers to these questions but for his comfort and benefit, I will give him the clarity that he deserves.

10/01

Mr Acting Speaker, when the Minister for Finance talked about long term contracts he was right, we have a 20-year sales contract with China, Japan and Taiwan. When you look at the LNG Market globally, and when you look at the development of LNG Plants in Australia and many of the neighbouring countries, there is an oversupply; meaning there is too much LNG Gas there. So we have to lock in the sales agreement with them; a 20-years sales agreement where we have a buyer for 20 years but the price that they buy is determined by global circumstances. When the oil price drops, the gas price drops as well and there is

nothing that the contracts can do and he knows that very well. We know who the biggest beneficiaries of the LNG Project are and it's not the land owners, it's mostly the advisors and all these consultants, so don't mislead us here.

(Members interjecting)

Mr ACTING SPEAKER – Order!

Mr Kerenga Kua – Point of Order! Mr Speaker, let it be known that my name is not Peter O'Neill, I am Kerenga Kua and that should mean something to this country. Don't insinuate on the Floor of this Parliament that I have benefited unjustly from any of this work that I have done. The records speak for themselves, you are the Prime Minister and if you have evidence, produce it here! Don't take such a cowardly approach by insinuating on peoples' reputation here, that is an abuse of your privilege on the Floor of this Parliament.

Mr ACTING SPEAKER – Order!

Mr PETER O'NEILL – Mr Acting Speaker, if he had listened, nobody said that he benefitted unfairly, he is thinking that in his own mind.

(Mr Don Polye interjecting)

Mr ACTING SPEAKER – Order!

Mr PETER O'NEILL – Let me say this again, there is a long term contract.

(Members interjecting)

Mr ACTING SPEAKER – Order!

Mr PETER O'NEILL – Thankyou Mr Acting Speaker, we have a 20-year sales contract with these three countries and that is the security of our customers. As there is an oversupply of LNG especially in our neighbouring country Australia where they have four new different LNG plants worth more than what we have. So when they come onto the

market, the prices may go down even further. That is the risk that is out there but we have the security of a customer that has signed up for 20 years. We must thank our partners Exxon Mobil and Oil Search for securing this deal for us.

Mr Speaker, now that our oil prices are starting to recover, the revenue for the country will increase as well. We cannot continue to worry about prices on a daily basis. As a Government, we must take a long term average that makes sense to us to project our budget so that we can follow it for the good of our country.

Health Sector Budget

Mr GARRY JUFFA – Thank you, Mr Speaker, for giving the people of Oro the opportunity to ask this question in Parliament. My questions are directed to the Minister for Health.

Mr Speaker, we have been informed by the media lately that there are significant cuts to the health sector budget. My questions are simple.

(1) Can the Minister for Health advise us exactly whether or not this is true and by exactly how much these cuts are and to where?

For instance, we have been informed that some of these cuts are to the church run health programs. This places a significant burden on provinces and districts who then have to meet up that shortfall. I have inspected a number of our aid posts and found that they are not receiving the supplies they need on time.

A particular piece of infrastructure in Oro province which was supposed to have been built by a contractor who does not have the qualification has to this day not been completed.

(2) Can the Minister advise us when this is going to take place and what actions his Department is going to take in regards to this?

There was a contract issue to a particular company for the delivery of medical kit and we were given the assurance that a laboratory would be built to verify that the products that were being imported from China were not substandard or were not counterfeit products.

(3) Has this laboratory been built and if not, why not?

Mr MICHAEL MALABAG – Mr Speaker, let me thank the Governor for Oro for raising those set of questions.

As for the first question, yes there were cuts to most sectors in the Government Department, not only health and education and that is due to our current situation.

11/01

A special mention was made about the Christian Health Services, yes there is about 50 million and most of it is centred around payment of wages for the workers who are employed under the 50 million or so Health Services, I have been talking to ministers including the Minister for Planning and other ministers.

Now those shortfalls as I indicated in the media some time ago will be taken up as soon as I get a comprehensive analysis from my Department and that will provide me specific details, the actual figures and exactly where so that I can table that in NEC but they are aware and I have always mentioned that we cannot compromise the health of our people yet we are struggling in the current situation as it is but we are not directly putting the health of our people at risk as it is right now.

Now, as to the second question of the Oro Province situation yes, Governor I am quite aware of that because sometimes back in 2012 the process took place and in early 2013 the contract that was worth around K860 000 was given by CSTB to a company called “Guinea Building Contractors”, that was the company that the contract was awarded to build a Medical Transit Store for Oro in Popondetta. Up until now and what I am definite of is that the Company only did about 60 per cent work and all of a sudden they just packed up and left and so far a total of about K637 000 flat has been paid to the Company.

I am as much concerned as you that the Transitional Medical Store is not yet complete because it is one of the seven or eight Transit Stores that we are putting right across the country, as it is right now. My Department has taken measures to do that and one of that is to return at the process so you have to go through the same formalities again and then get some more funding so that we can complete that particular store and unfortunately it was not covered in this year’s budget. So, I am hopeful that we can get money from somewhere to go ahead and complete but the contract has been terminated and is now with CSTB to go through with the proper channel and we have also written to the State Solicitor for legal assistance to recover or recoup the money that has been given to the contractor.

As to the third question about the Laboratory, together with the UPNG, Taurama Campus and also the Port Moresby General Hospital, but we do not have the Specialist in charge to set this whole thing up as it is right now. But when the drugs are coming in, we have our people like the Pharmaceutical Counsel right now who are screening all the medicine which are coming in, before it is actually sent out to the Districts or rural areas. So currently there are systems in place of taking care of them so Governor let me assure you that

most of the medicine that are coming in are all certified before they are moved up to the provinces.

I hope I have answered your questions, thank you Mr Speaker.

Supplementary Question

Government/Church Health Partnership

Ms LOUJAYA KOUZA – Thank you Mr Speaker, I find it very hard to swallow when within the start of these question we have heard from the CEO of our country saying that Health Services are being paid and we have here the Government Minister for Health who is telling us that he is not putting the health of our people at risk and on the other hand he is saying that we hope we can get more funding.

12/01

We have just read in the newspapers dated March 18 the Catholic Health Services laying out the state of health in this country because of the cuts and they listed in a full page advertisement to what this honourable gentleman is saying in Parliament.

My question is how can people be gathering at the Unagi Oval and Jack Pidik Park as we speak with issues that need to be answered and one of them being this very issue of health? Obviously you are ill prepared to come on the Floor of Parliament because you did not know that you will be asked this question.

(Members interjecting)

Mr ACTING SPEAKER – Ask your question.

Ms LOUJAYA KOUZA – Please gather your wits together and settle down. We are not asking you to be emotional. We want you to answer these questions. You got two sides of the coin here. It's the same Government but two different answers.

The question to the Health Minister is, we have got in-house examples around the country from Nazarene Health Services especially in Jiwaka and Western Highlands. They are saying that they have faced 40 per cent cuts, the Evangelical Church of Papua New Guinea are also wondering if they are going to be addressed with their situation.

As the Minister responsible can you clarify to the Parliament that we are faced with a problem and that we can get funding to fix it or what you can do about it?

Mr MICHAEL MALABAG – Mr Acting Speaker, I do not know what language I will use to answer that question because Spoke in plain English unless you want me to speak in plain Motu then it might be clear to you.

Mr Garry Juffa – Point of Order! Mr Acting Speaker, we are in Parliament talking about important matters and these are not matters to be laughed at. Member for Moresby South, why are you smiling, is this a joke? Let us be serious.

(Members interjecting)

Mr ACTING SPEAKER – Address the Chair! Minister you can continue!

Mr MICHAEL MALABAG – I thank the Member for Lae for her supplementary question. I initially indicated and we acknowledged that Christian health services will be given about K50 million for personal emoluments and goods and services. We made that very clear. We are trying to get all those details so that we can bring it back to Cabinet so that we can sort out all those short falls.

Mr ACTING SPEAKER – Order! Governor for Oro.

Land Act Review

Dr ALLAN MARAT – My questions are directed to the Minister for Lands and Physical Planning. On the formation of the O'Neill/Dion Government in 2012, this Government promised to deal quickly with the rampant corruption in the Department of Lands and Physical Planning. One of the key actions of the Government was the reform of the *Land Act*.

13/01

Mr Acting Speaker, I understand that the Minister's department and a number of government agencies under the National Land Development Programme and the Constitutional and Law Reform Commission developed a Draft Bill in 2013, and completed in January 2014, key proposals in the Draft Bill 2014, include; 1) Banning of SABL, 2)

Provision and control of foreign ownership of our land, 3) regulating Urban Development Leases (UDL) to open up state land to more Papua New Guinean, illegal land deal.

Mr Acting Speaker, these are very important legislative proposals designed to protect our land and our people.

My questions to the Minister are:

(1) Why has this very important piece of legislation not been brought to Parliament for enactment?

(2) Is this delay designed to protect the interest of foreigners and corrupt government officials?

(3) Can the Minister assure this Parliament and the people of PNG that this proposed legislation will be presented to this Parliament in this sitting of Parliament or the next?

Mr BENNY ALLAN – Mr Acting Speaker, I thank the Member for Rabaul for asking his series of questions.

As we all know, land issues are very sensitive and we are mindful of dealing with those issues under this Government. And my Department is working hard to clear some of the outstanding issues regarding land.

But coming back to your question in regards to the Land Act Review, yes, Mr Acting Speaker, the Draft Bill has been submitted to NEC and its before Cabinets decision. But unfortunately, National Research Institute advised that it should go back to Law Reform Commission to address some outstanding issues and it's been taken care off.

Last week, the officers from Law Reform Commission and myself had a discussion on this issue and found out that certain issues needs to be addressed at the department level. So they are working on it right now, once it's completed then it will be presented before Parliament shortly. I hope, I have answered the Member's questions.

Supplementary Questions

Land Grabbing/UDL

Mr WILLIAM POWI – Thank you Mr Acting Speaker, I stand to raise my supplementary question on sale of undeveloped land by lease holders.

There are a lot of serious mess in the lease holders and I hope the Minister is aware of whom I am referring to. There is a serious mess in this country by people who are grabbing undeveloped land and sell it illegally which creates a lot of mess for the department. We need

Governments direction and through you Minister, your Department should consider it seriously because it's affecting the people of this country.

Mr BENNY ALLAN - Mr Acting Speaker, I thank the Governor for Southern Highlands for raising this question, Urban Development Lease is a big portion of land that was given to successful applicants to develop or sub-divide and to lease to different people who express interest of land. We know very well that over the years UDS have not been developed by title holders and under UDL conditions, if you do not develop that particular land within 5 years then automatically it is forfeited back to State.

14/01

We experienced that some people compromise with the officers within the Department and they sell UDLs and that has been the problem so we have taken note of this and it is now included in the *Land Act* review and it will address that problem. Some people have become overnight millionaires because they sell the UDLs which they are not supposed to.

So we are aware of the person that the Member is referring to. This person obtains land titles from almost all over the country; from Western Province up to West Sepik and also up in the Highlands because he has a strong connection within the Department. He is someone that obtains land everywhere in the country and the Department has blacklisted him. We are keeping an eye on him but he is also smart because he applies for a land using different company names so that has been the problem.

The question that has been raised by the honourable Governor will be addressed under the *Land Act* review that we are currently undertaking.

Mr ACTING SPEAKER – Question time has lapsed.

Sir Michael Somare – Point of Order! Mr Speaker, I have a supplementary Question that I wish to raise to the Minister.

Mr ACTING SPEAKER – Okay, honourable Governor, I will entertain your Supplementary Question.

Supplementary Question

Sir MICHAEL SOMARE – Mr Acting Speaker, we have this problem of land grabbing and if the Minister says that his Department knows someone who is doing this, why not arrest him now rather than allowing him to cause a lot of land related problems in many areas.

Secondly, I also have land issues but I don't come to Parliament and raise these concerns, I talk to the Departmental Head and also the Minister on these problems. In Wewak, we do not have big State land and within this State land, a large build was constructed and its sewerage outflow was routed to the mangroves which according to Climate change purposes should not be allow.

Mr Acting Speaker, we have three or four storey buildings that have their sewerage system flowing out to the sea near the market and also to the mangroves where the people go fishing.

I want to ask the Minister, did his Department already prosecute this particular person who is running around grabbing land or is he just going to lie to us in this Parliament?

Mr BENNY ALLAN – Mr Acting Speaker, this particular person is a Papua New Guinea citizen and he has the right to freely apply for land which the Land Board approves before and the Department facilitated it but now we know what he does so we put a stopped to further dealings with him.

Under the O'Neill-Dion Government, we know that we have this problem within the Department so we are addressing it accordingly so we have blacklisted this person but he is using different company names to apply for land but we are monitoring him and will arrest him if he tries to do this again. I think Lands Department will not arrest him unless there are faults within –

15/01

Sir Michael Somare – Point of Order! I'm sorry for the Point of Order but you did not answer the question. Our question is this. There's a huge problem and you are aware of this in your Department. Why not your Department make the report and inform us that due to this report this person cannot acquire any more land. It's not a bad question but a good question to clarify some of us in the parliament. That's why we all are so confused.

ACTING SPEAKER – Honourable members, I would like to announce that the question time has lapsed.

ADJOURNMENT

Motion (by **Mr James Marape**) agreed to –

That the Parliament do now adjourn.

The Parliament adjourned at 4. 05 pm..