

Third Day

Thursday 24 March 2016

DRAFT HANSARD

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THIRD DAY

Thursday 24 March 2016

The Acting Speaker, **Mr Aide Ganasi** took the Chair at 10 a.m..

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 10.30 a.m., and invited the Member for Rabaul, Honourable **Dr Allan Marat** to say Prayers:

‘Sovereign God we come to you in the name of Jesus Christ alone. There is no other name in Heaven or on Earth through which we can come to you. We thank you this morning sovereign God for the gift of life that you have given to each and every one of us Members of this Parliament. It is a gift sovereign God and you have given it to us in order to use it in accordance with your will and your purpose for our individuals life and especially on the Floor of this Parliament. We pray sovereign God that throughout this meeting this morning we shall make ourselves accountable in the manner in which we will use that gift, that breath of life that you have given to us this morning. Father this is our prayer, we ask for the spiritual guidance of your Holy Spirit in our deliverances today. We pray and ask this things from you sovereign God in no other name but the precious name of Jesus Christ, Amen.’

QUESTIONS

Mr DON POLYE – Thank you Mr Acting Speaker, I have few questions to ask the honourable Prime Minister, in relation to the issuance of the K2.8 billion Sovereign Bond issue in which he said it was expensive at the international market at 9 per cent and therefore, could not be able to abort the plan. The Prime Minister told Parliament that the issuance of K2.8 billion Sovereign Bond or US\$1.01 billion was aborted mainly due to high interest rate in the international market.

Mr Acting Speaker, in answering my questions previously he also accused me of down grading the economy of PNG in my approach to raising some of these fundamental issues but I would like to make it clear. I will be asking similar questions and Mr Acting Speaker, my intention is not to down grade the economy but I am doing all my best to tell the truth about what the economy is doing and I think it's the Prime Minister's job to say what I am saying is not true then he has got to provide justified answers to that rather than creating debates.

In the Opposition's point of view, we agreed that he has lost control of the economy.

(1) Has he lost control of the fiscal and debt management and fiscal revenues coming into the country's economy?

(2) Can he also agree that his Government has lost confidence and trust in the international financial markets and therefore, did fail to raise the K2.8 billion or US\$1.01 billion at the Sovereign Bond market? And due to the following reasons these bond issuances failed to materialise.

02/03

Mr Speaker, with due respect to the Prime Minister, key Ministers of Cabinet and key Offices like the Office responsible for agents who issue such bonds like Treasury and other organisations have criminal charges against them. These key players with criminal charges or prosecution against them make it very difficult for the international market to bid for the issuance of the K2.8 billion bond.

Is it possible that all international bidders have lost trust in our government because of these reasons of integrity with due respect to the Prime Minister and to the other Ministers of State and the Secretary of Department who had been criminally implicated. Those criminal charges against them have to do with –

Mr ACTING SPEAKER – Honourable Leader of the Opposition, ask your question.

Mr DON POLYE – My questions are:

(1) Are those some of the reasons why they would have not found it interesting to buy our bonds?

The other point that would have stopped the international bond market to buy or bid for the issuance of the bond is because of your government's inability to produce a credible Memorandum of Information credible enough for the international financial market, and to date your government is still struggling to put one credible document together.

(2) Is that the other reason why the international bond market would have rejected the bond of the government of Papua New Guinea?

As for the sovereign bond some State assets need to be made available for mortgage. The Independent State of Papua New Guinea, as far the Opposition is concerned, has no such assets available to mortgage a sovereign bond against. This information would be stated regarding my second question on the Memorandum of Information that I referred to.

For instance, the proceeds from the Papua New Guinea LNG projects or the revenues have been mortgaged against an expensive K3 billion UBS Loan. Therefore, you cannot mortgage any other revenues, proceeds or the business of the SOEs. This would be difficult because some of them are insolvent and going through bankruptcy. Therefore, you cannot put that forward in the portfolio or any other projects that might come.

Mr Ben Micah – Point of Order! Four months ago, I was the Minister for Public Enterprise and State Investment and I would like to confirm to the people of Papua New Guinea and this Parliament that, no company of the State is bankrupt.

That is a false statement and they are not even mortgaged to any banks, international or domestic.

Mr DON POLYE – I hear what the former Minister is saying but this is the question I am asking. This is the position of the Opposition, therefore, let the Prime Minister answer that himself.

There were other projects that were in the horizon like the Papua LNG Project and other pockets of projects throughout the Papuan Region and even the Wafi Gold Mine. However, they do not seem to be prosperous for the near future, thus, making things difficult to attract bidders for the sovereign bond.

(3) Is that another reason why your government failed to succeed in the issuance of the sovereign bond?

With that, the debt level of Papua New Guinea is sky high regardless of the fact that your government continues to portray that the GDP is around 35 percent, which the Opposition does not agree with.

03/03

We think it is an untrue statement because the calculations we get out of your budget and the other loan liabilities you have created for the State stands at close to 70 percent of Papua New Guinea's gross domestic product? Is that the reason why the bidders cannot bid for the issuance of Papua New Guinea's Sovereign Bond because of such a high level of debt close to 70 percent that to GDP?

Finally Mr Acting Speaker, the Prime Minister needs to explain the interest rate that he alluded to with regards to the Sovereign Bond issuance so that the actual truth is revealed to the nation, the people of Papua New Guinea, the private sector, the Central Bank, the business community. He said that because of the 9 percent yield interest at the bond market, he aborted the plan to issue the bond. Let me give an example of domestic bond market yield in the Treasury Bills.

Mr Acting Speaker, in 364 days in a year the rate is at 7.72 percent domestically when Treasury issues the bond this is how much interest they are paid. For the 182 there is six months or there is rates that stand at 4.76 percent interest rate, for the three month period of 91 days it is a 2.82 percent interest rate. With inscribed stocks, the rate three years interest rate is 9.9 percent almost 10 percent, five years rate is 11.13 percent and eight years is 12 percent so it goes up. When you compare the domestic market yield rate to the international rate of nine per cent that you alluded to it is even expensive here domestically too.

Mr James Marape – Point of Order! The *Standing Order* states that during Question Time, individuals are supposed to use up less than two minutes

(Laughter in the chamber)

Mr James Marape – Give others the opportunity so I would like to ask the Opposition Leader to get straight to the question instead of using auspicious questions and make statements that has huge ego. Get to the point. Every one of this Members want to ask questions too.

Mr ACTING SPEAKER – Opposition Leader, stop speculating, get to the point and ask your questions.

(Laughter in the Chamber)

Mr DON POLYE – Regardless of my opinion, Mr Acting Speaker, I respect your Chair and your ruling so I will complete asking the question. But let me say this, the Opposition has the right to ask questions because we are the alternative Government, don't forget that Leader of Government Business. My question is, if other loans that the Prime Minister himself is been solely responsible for getting like the UBS loan are even far above if you put all the interest rate together, its above 90 percent and domestically the bond yield rates are also that expensive.

Can you justify that his aborting of that difference of the Sovereign bond is just purely on interest rates?

Because I have given a better information as to the reason why the bond issues was not successful and therefore the solution that the Opposition puts forward is that it is time to start the talk with Papua New Guineas development partners like IMF and let them see if they can help because if you continue down this road you will run the country's economy down to ruin. Thankyou Mr Speaker.

Mr PETER O'NEILL – Thank you Mr Acting Speaker and I thank the learned Opposition Leader for his lecture on the economy and certainly he has the necessary credentials to speak about as a former treasurer to say so and of course as former chairman of IMF, which he referred.

(Mr Don Polye interjecting)

04/03

Mr Don Polye – Point of Order! I humbly ask that I do not need any praises, I am a very humble man and I do not want the Prime Minister to share all these nonsense and he must answer the question, thank you Mr Acting Speaker.

(Laughter in the Chamber)

Mr PETER O'NEILL – Thank you Mr Acting Speaker, I am saying this because I think I have many times reasonably answered these questions but he keeps on repeating himself. I am just trying to allude to the fact about his experience in managing the economy and other positions that he has held so these are things that give him the background to ask these questions.

When you talk about losing control of the economy, it is when you have a situation where we are not paying our bills, when we are not paying our loans and our interest, when we do not have our revenues that is going to meet our obligations, we are not conforming to budgets appropriations that are approved by this Parliament and that is when you lose control of the economy.

Mr Acting Speaker, I do not disturb the State Speaker when he speaks so why can't he give the same respect.

Now Mr Acting Speaker, he is raising his comments about the Sovereign Bond that we are proposing to issue and it is not that we do not want to go to the market, we have delayed going to the market because of the current situation in the Global Market.

The Global Market is known everywhere where the stock markets are falling, where the interest rates are skyrocketing, where economic growth is declining globally, where financial investors are nervous about investing in emerging markets like ours and as a result the cost of going out to the market is high in such time and borrowing is high as well. He is trying to simplify the fact that because we are now issuing treasury bills to six to twelve per cent we should go out to the market and borrow at nine percent and what he is forgetting is that we are now going to expose yourself to foreign exchange risk, especially when the US dollar is strengthening.

If he thinks that he is smart to explain to me that he can control the Global Commodity Prices and US Dollar, then I am quite happy to listen to him but, these are global conditions that even myself or anyone else does not have any control over.

So, Mr Acting Speaker, it is not about confidence of the economy or confidence about Ministers or even myself and I am very glad that he asked about the criminal charges that are before the Court because as far as I can recall there were three warrants that were issued for myself, Minister for Finance and himself, so why aren't the Police going after him?

Mr Don Polye – Point of Order! Mr Acting Speaker, this is a deviation from the questions that I asked and my second point is I went to the Police voluntarily myself and I presented before the rule of Law so, did you?

Thank you Mr Speaker.

Mr PETER O'NEILL – Mr Acting Speaker, in this country everyone knows that he went down there and we commend him for that but as an Opposition Leader he took

advantage of the situation. I cannot on a critical withstand subject myself to such radical when I have to undermine the Office of the Prime Minister, I have to set a precedence.

That is the question you asked about confidence because of the criminal charges so I am answering it so be patient.

I cannot subject the Office of the Prime Minister to such radical because it sets a very bad precedence where the Office of the Prime Minister is questioned and that the Government is destabilised because Members of the Opposition who cannot go into elections, win elections and form government in their own right.

05/03

And as a result they use agencies of government like the Police to go about in carrying out their investigations which are not based on credible evidence.

Mr Acting Speaker, let me say this –

Mr Don Polye – Point of Order! Mr Acting Speaker, you have got to listen to what he is saying. It is completely irrelevant to the question. I am asking an economic question and you've got to be very brief but if you are saying that the Opposition cannot go out and win elections then you are already speculating. That is a completely different thing.

If you are talking about me then I must say that I have been cleared by the authorities. Can you also allow yourself to be cleared by the authorities?

Mr ACTING SPEAKER – Prime Minister, please continue.

Mr PETER O'NEILL – Mr Acting Speaker, I have always stated this and I want to state it again. If there is evidence that I received one financial benefit then I will resign tomorrow and I challenge the Opposition Leader to do the same. If he or his party had received one single toea from Paraka Lawyers then he must do the same. You are the only recipient of those funds so stop misleading the country. Don't come here and misuse your position. You are cleared because you are playing games. We will follow the rule of law.

(Members Interjecting)

Mr PETER O'NEILL – Mr Acting Speaker, with regard to the issue of memorandum of financial information that will enable us to go through the global market, let me inform the Parliament that we have employed one of the biggest bank in the world.

We have employed JP Morgan to advise us on this matter and it is their advice that we are following to delay going into the markets. These are some of the global players who are advising us.

Mr Acting Speaker, we are ready and all our information about our economy and how we are going to meet the obligations when we issue the bond are ready to go to the market. The initial consultations that we are doing and the response is that they hold Papua New Guinea at high regard. Our discussions with markets in New York, London, Singapore and other financial markets around the world indicate to us that Papua New Guinea is ready for us to go and issue the Sovereign Bond. We will do so when the interest rates are good and markets are conducive.

I want to assure the honourable Opposition Leader that we are not mortgaging any State assets. When you issue a sovereign bond anywhere in the world they do not mortgage State assets. It is on that bond paper that determines the yield to which the investor is seeking. The State will only pay back at the time it agrees to. It is not about mortgaging State assets. It is not a loan. It is like buying treasury bills.

If one of the commercial banks is buying treasury bills from treasury they don't go around asking treasury to mortgage one of their assets. They don't do that. You did not spend time in treasury understanding those things and that is why you don't know and I am now telling you what it is all about.

Mr Don Polye – Point of Order! You should not mislead the nation because it is as straight as normal business. If a business wants to bid for the issuance of a government bond they have got to be confident. The government will have a consistent and sustainable revenue inflow. How do we get the revenue? It comes from various sources and they study those things.

If you cannot confidently tell them your revenue inflow with the kind of management that we are seeing now then no banker or foreign bidder will come and bid for the issuance so don't mislead, Mr Prime Minister.

Mr Tobias Kulang – Point of Order! Mr Acting Speaker, you need to take control of this situation. The question has been asked and the Prime Minister is answering. This is the last day and we have a lot of questions to ask to. You are allowing a debate to take place.

Mr ACTING SPEAKER – Okay, enough of the Point of Orders. Prime Minister, please continue answering the questions.

Mr PETER O'NEILL – Mr Acting Speaker, when the truth is based on facts and when you have speculations like the Opposition Leader, you create facts as you go along.

06/03

Mr Acting Speaker, let me assure this Parliament that there is no mortgaging of any assets and if the Opposition Leader has the evidence, please present it to the Floor and stop talking. We have not mortgaged any of the state assets when we got the loan, not one state asset except Oil search shares.

Mr Acting Speaker, for the information of the Opposition Leader and the Parliament, our interest rates when we got UBS loans was 4.9 per cent much lower than what we got for IPAC deal in which the Arabs gave us.

Mr Acting Speaker, well we had a high interest rates when we mortgage everything like. Telikom, Air Niugini, B-Mobile everything. If you cannot recall, we now mortgage Oil Search shares for our loans and that is the truth. If you got any evidence, please produce it.

Mr Acting Speaker, the interest rates is reduce with the negotiations a few months back and we have now reduced if further from 4.9 per cent down to 3 per cent. We are only mortgaging Oil search shares and in fact presented it to the cabinet not so long ago. All the ministers know about it except the Opposition Leader want to continue to speculate.

Mr Acting Speaker, we are not mortgaging any assets of our country. The opposition leader continues to talk about the Debt to GDP ratios. We continue to tell him that it is 35 per cent but he seemed to think it is 70 percent.

Mr Acting Speaker, let me give examples that he should know about that we are in much better position than almost many countries around the world. In facts close to about 200 countries but let me not bore you with it but let me give you some figures so that you can understand. Japan GDP ratio 400 is per cent, Ireland GDP ratio 390 per cent, Singapore 382 per cent that to GDP, Belgians 327, Netherlands 325. And these country got much higher per cent into hundreds and they are not broke. Let me say if you are not talking about developed

countries, you look at Indonesians 88 per cent, Columbia 78 per cent, India is not a developed country, and it is still a developing country at 120 per cent.

Mr Acting Speaker, I don't want to continue to argue about the things are not factual.

So Mr Acting Speaker, I will end there by saying this, let us talk on facts and if you got things that you want to question, produce it on the floor of parliament and we'll answer to those facts. Thank you.

Foreign Currency Rationing

MR BIRE KIMISOPA- Thank you Mr Acting Speaker. Happy Easter to you and to everyone. My question is directed to our good Prime Minister in relations to the foreign currency in this country that has been going for all most 12 months.

Mr Acting Speaker, number of businesses right cross this country are facing considerable difficulty trying to access foreign currency.

Mr Acting Speaker, I suspect amongst the three Banks we have in this country. Order books roughly stands at K3 billion. Now my understanding is only two or three companies in this country appear to have access to about 60 or 70 percent of the foreign currency. For the benefit for this House, one is going into Market grabbing all the foreign currency simply to provide fuel in this country. This other one is going in absorbing substantial amount of foreign currency just to make sure we have the rice on our dinner table. And roughly about 30 percent of the currency that's available is been rationed throughout this country so our Papua New Guinea owned small businesses are struggling under very difficult conditions.

07/03

Mr ACTING SPEAKER – Ask your question Honourable Member?

Mr BIRE KIMISOPA – Mr Acting Speaker, my questions to the Prime Minister are based on the fact that businesses in this country want a definite response to the foreign currency rationing.

(1) When will the foreign currency rationing end?

It appears to me that the Central Bank is intervening in the market in terms of advancing a social and moral obligation by deciding who gets the first stake of the available foreign currency; whether a few to take priority or have the right to take priority. A substantial amount of foreign currency is going out of this country as a result of that.

(2) Can the Government intervene and put an orderly system in place so that the two or three companies will not take almost 70 percent of the available foreign currency? That will help a lot in terms of business in this country.

Mr Acting Speaker, small businesses are looking for a way out of this and they are suffering from confidence.

(3) Can the Government perhaps for the next 24 months (2 years) we put a mandatory freeze on the statutory contribution that's enjoyed by National Provident Fund and POSF? That will give our small businesses an opportunity to recover. You freeze the employer contributions so that our employees will have money in their pockets.

Mr PETER O'NEILL – Mr Acting Speaker, I thank the Member for Goroka for his questions.

Mr Acting Speaker, when the distinguished leader of the Opposition raised these same questions on Tuesday I covered as much as I could but let me briefly explain. Yes, we are under stress with the foreign currency issues in the country and unfortunately the Government does not manage monetary policy, it is managed by the Central Bank. The Central Bank determines inflow and outflow of foreign currency in our country. It determines the interest rates and of course uses the monetary tools to try and manage its policy.

Mr Acting Speaker, it is very clear that there are about three, four or five companies that have got very high demand. That is because of the consumption that our people have on their products which most are import based products. That is why we need to continue to work closely with them.

For the sake of Members and this Honourable Parliament's information, if we do not clear the Puma Energy bills, fuel will be in short supply. If we do not clear Trukai bills, rice will not be on our dinner table. If we do not clear Digicel bills they will cut off the satellite and cripple us from using the telecommunication.

We have become dependent on these issues. That is why we need to start working with our own institutions like for Digicel many of our people should transfer to B Mobile and Telikom. They are starting to be efficient and they have got this cable submarine which is now feeding into their system so that we don't have to by satellite. We need to make some adjustments like that.

Mr Acting Speaker, secondly we need to grow more rice. Cabinet has recently endorsed a very competitive regime for growing more rice in the country so that we don't have to import large amounts of rice into the country.

Mr Acting Speaker, the other is milking cows in the country. Cabinet has just approved a project that will be going up at Illimo so that we don't spend K150 million a year just importing milk. These are things we can do. Import replacement will save us from spending foreign currency.

Mr Acting Speaker, our foreign reserves is healthy but interventions to the market by the Central Bank is at their discretion but sometimes it's very small. They come to the market with \$10 – \$20 million dollars as a result large chunks are taken out by the big companies and the smaller mums and dads who are trying to pay school fees are struggling a bit.

I met with the BSP CEO recently and he has told me that they have now almost virtually removed all the backlogs except for the big four or five companies.

08/03

He has told me that they have now almost virtually removed all the backlog except for the big four or five companies. From the briefing we are getting the Central banks is talking to IMF to create a temporary facility of US\$250 million which will bring in to pass to commercial banks who then makes sure they clear up for before the currency back log that we have.

Mr Acting Speaker, BSP has agreed to it but the other two foreign-owned commercial banks have not agreed to it and the negotiations are still going on. Once all the commercial Banks agree with IMF and the Central Banks the relief will be coming in very soon.

Mr Acting Speaker, we are on top of the issues and second thing is our imports are starting to go up and some commodity prices have gone up. The revenues coming in are also starting to improve. For instance, OK Tedi has recently re-opened and it brings about US\$40 million every month.

Most of the revenue coming from that, I want to assure the Honourable Member for Goroka that majority of it will be place for mums, dads and small business and I will make sure that happens. This is our company we have to look after people first.

Mr Acting Speaker, even Oil and Gas revenues are going up. Yesterday I think the oil prices was \$41 per barrel and it is improving from \$27. Let's stay focus and we will get there, thank you.

Mr WERA MORI - Thank you Mr Acting Speaker, I would like to ask my questions to Public Services Minister but unfortunately he is not in the Chamber so re-direct them to the Prime Minister.

The question relates to conduct of the Public Servants, half the time if not 90 percent of the time, politicians have come under the radar with various comments from the social media to disrepute us. While we forget about some bad things, other things are coming up especially within our civil servants. Not long ago officials from the Department of Mineral Policy and Geo Hazards have paid themselves hefty fees for concluding state negotiations probably on the Wafi-Golpu Project. The information I have, the money amounted to about a million kina or so, and my simple questions are;

(1) Is it part of their contract of employment to pay themselves such exorbitant fees on state negotiations?

(2) If this is not the case, can they be referred to the appropriate authorities so they can be dealt with and also quarantine such activities from happening in other Departments.

The two questions were intended for the Public Service Minister but unfortunately he not in the Chamber, so the Prime Minister can answer this.

Around independence and for the next 10 years after independence most of the Government offices were centralised in Waigani.

We are spending more than K300 million every year for departments and ministerial officers.

Can the Government take a stand and ask all departments and the Ministers to move back to the new Central Government Waigani office building so that we can save millions of kina.

Mr PETER O'NEILL – Mr Acting Speaker, let me say that, yes, I am aware of the negotiations that are going on with Wafi-Gold project and of course other projects by our State negotiations team, but no we did not approve any extra allowances for them.

09/03

In NEC there are no extra allowances for anybody because they are already paid State employees. This culture of giving them allowances to go and do some work, not only for our State negotiation team but for other Public Servants as well. Nevertheless, we continuously keep trying to pay allowances for the work that they are already paid to do. Most of them are getting reasonable salaries and it is not that they are getting K400 or K500 per fortnight but they are getting paid in the thousands.

Mr Acting Speaker, therefore, I will certainly ask the Minister and his department to investigate this and if we find that those allowances were paid to those officials we will get

the necessary agents of government to prosecute them and try to recover those funds. With that, nobody should be paid extra money for doing the work that we are all paid to do by public funds.

Mr Acting Speaker, regarding the last question about the rent, yes, I agree because it is costing the government K250 million per year. But there has been a long held dream by many governments that everybody should move back to Waigani, and when our government took over we started rehabilitating the buildings in Waigani starting with Morauta Haus, Pineapple Building and now we are just to about to open the Central Government Building after 20 years next week Wednesday. The building has been completed and ready for occupancy.

These three buildings will save us close to, and my estimation is about K50 to K70 million. Now, that means that with that savings we can now build another building every year so that we can bring all our Public Servants back into Waigani so that when you and I are looking for them we can go to one central place to conduct business.

Mr Acting Speaker, all our Public Servants from the Departments like agriculture and et cetera will start to move back and the savings will be enormous.

Mr Acting Speaker, there has been a racket going on for quite some time. A few landlords who own buildings have been making a fortune out of our governments in the past until the present. At K250 million per year you could just say that, and I know the cost is actually higher than that but just calculate that for 10 years. That is K2.5 billion and with that kind of money how many buildings could have already built? We could have housed everybody these kinds of nonsense must stop. We must get everybody back to Waigani and do the initial sacrifice to make the savings and continue building not only houses for our officers but for our people as well.

Thank you, Mr Acting Speaker.

SUSPENSION OF STANDING ORDERS – EXTENDED TIME FOR QUESTIONS

Motion (by **Mr Tobias Kulang**) agreed to –

That so much of the *Standing Orders* be suspended as would prevent the time for questions this day being extended by 20 minutes.

Mr TOBIAS KULANG – Mr Acting Speaker, this is a very important question.

At the beginning of this week, a question was raised on the Floor of Parliament whereby the Minister for Health indicated that there were budget cuts for Health which would affect health services especially provided by Church-run institutions.

Mr Acting Speaker, this is a sensitive issue because the government partnership with the Churches to provide services to the people has been ongoing for a very long time during good and bad times. And with regards to health services the Churches have provided this service to the remotest areas of the country where the government cannot reach.

10/03

The church institutions partnered with our country for a long time during good and bad times, especially in terms of health services. These church-run institutions have a strong commitment and they are providing these services in areas once isolated and just recently Government is penetrating through by complementing their services.

As we have seen in the media, there have been concerns raised regarding cuts made to the salaries of the workers in these church run institutions and this is likely to lead to the shutdown of operations as some have already done so. My question is directed to the National Planning Minister in the absence of the Health Minister, I know we have many challenges as many have stated here, but; are we able to save money in other sectors to restore this health budget shortfall which is around K50 million, and assist these church run institutions so that they can continue to provide these very important services to our people?

Mr CHARLES ABEL – Thankyou Mr Acting Speaker and I thank the Member for Kundiawa -Gembogl for this very important question. An issue that has been floating around in the media and the Floor of Parliament this week and it is a very important issue as we have no intention to make light of this issue and we are concerned about it as well.

On behalf of our Government the importance of the church partnership particularly through education and health especially, the church health workers many of them who are in difficult circumstances throughout the country particularly in remote areas of the country that continue to provide health services to our people. We appreciate these services and we are also concerned if these issue is causing them concerns and in any way affecting the delivery of health services to our people.

This partnership to our church is very important and it has come to light recently because in fact our Government has increased the health budgets progressively. If you look at this year's budget under Health Management Services, the budget has increased and it's just

unfortunate that we discovered that through the bureaucratic process and of course through the adjustments to the 2015 Supplementary Budget and 2016 that there has been some reductions and in that process, 35 percent cut was instituted under the church health services as opposed to the church partnership program which is a different program. I will respond to what the Member has said. But I will just remind this Parliament and the country that it was this Government that actually improved the conditions of the church health workers to bring them up to par with the conditions of the public servants.

We have done that and those conditions have been honoured and met. But I want to assure the public, the church health workers and the churches that this is considered an essential service. I want to assure the Parliament that this Government will make every effort to make sure that the K50 million is replaced. The cut to the church partnership program from K25 million to K10 million is a capital works program that we revived after reviewing that program. And that cut will remain at K10 million. But the essential aspect of it which is the wages and the goods and service that has been cut by K50 million.

In consultation with the Cabinet Members the Treasurer and the Prime Minister, I want to make that assurance that the funding will be replaced and I encourage our health workers out there to please continue providing those essential services. You will receive those conditions. Those conditions are now on par with all public servants under the health sector.

11/03

Supplementary Question

Upgrade Sir Nobri Hospital

Mr WERA MORI – I have been given an ultimatum by the Health Minister to withdraw a letter which was written to Kundiawa General Hospital to stop performing operations that are required at level six hospitals.

We cannot close Kundiawa General Hospital because they have been operating successfully for the last 20 years and no one has died.

Can the Government upgrade Sir Joseph Nombri Hospital to level six so they can continue on doing what they have been doing rather than restricting them?

Mr CHARLES ABEL - Thank you, Acting Speaker, I am not the Health Minister but that is an important point from the Member for Chuave and thank you, we will take that on board. I know you have been raising this issue and we acknowledge the very important institution you have been talking about that has been providing health services for many years

and it is your desire that it continues to provide services at level six. I believe you have given a question to the Health Minister and they will process it in due course, thank you.

Release PIP Fund – Kikori

Mr MARK MAIPAKAI – Thank you. My question is directed to Planning Minister.

Let me put on record that Kikori hosts two very important State assets; the Gas Oil pipeline and the Oil Pipeline which Papua New Guineans now are enjoying the revenue from those sources.

I have personally visited the Minister's Office to check on my PIP Program on my Health and Education and he pulled out the cheques and he said your cheque is here but I will settle the Government side first.

I have written numerous correspondence. Evidence of what I have done is in the infrastructure in my area, even photos of boats loaded and constructional sites and up to today, I have not received the K5 million and it was approved last year.

When will I receive the K5 million for the Kikori people under the PIP Program?

I have on numerous occasions raised issues on abuse of misuse of Public Funds by the Gulf Administration. There is a NEC decision in place and NEC decisions specify the terms and conditions of the implementation of that program. One condition is for my Executive Official to be a signatory to the Trust Account on the IDG Funds in the Gulf Administration. Apparently, it is not so.

Despite over K40 million going to the Gulf Administration, nothing has happened in Kikori. In one instance, I chased the crime officers out of Parliament.

(2) When will the Minister compile a report and present it before Parliament on the success of the IDG Funding because our understanding is that the NEC decision specify that our Executive Officer supposed to be the second signatory to all program for implementation then goes to JDP or District Authority. It then comes to the PM and to Planning but they are hijacking the process from Gulf straight to Planning and nothing is happening.

(Members Interjecting)

Mr MARK MAIPAKAI – How soon will the Minister present a report on the abuse or expenditure of the IDD programs in the country?

Thank you.

Mr CHARLES ABEL – Thank you, Mr Acting Speaker, and thank you to the Member for Kikori for his very important question.

I must say that Kikori District is a very fortunate District to in the proximity of the Gas Project and have the pipeline running through. The Gulf Province and Kikori are benefiting tremendously from funds flowing out from that Project including the IDG funds. I believe also that it includes K20 million that was received by Kikori District as well on top of all the other development funding from the O’Neill-Dion Government that has come down to all districts, Opposition and Government, in record amounts in the history of Papua New Guinea. So I will hope that those IDG Funds and all other development funds you’ve put to good use good Member. You have been a Minister also nearly all your Parliamentary life and there is no doubt that there are fantastic things happening in Kikori and you have a primary responsibility down there as a custodian for this fund and are putting it to wonderful use down there for the people of Kikori District.

Thank you also for raising a purported conversation which you had in the confines of my office on the Floor of Parliament and I can tell you that are members also on the Government side still waiting for cheques. not just on the Opposition side. It is an issue that we are facing jointly and there is no intention of withholding any funds from the Opposition despite what you say and this purported conversation that you raise here. We are doing our very best to meet all obligations.

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Despite our repeated complaints about our funding, I stress again on the Floor of Parliament that, this Government has provided record funding at all levels of government and that must not be forgotten. We expect that funding results for that funding but the continual funding over and over again is a concern to me. I say to all of us what have we done with that funding? Please provide the reports back to us so that we can in turn provide them back to the public. Many a times those report are never forthcoming including the reports from the provincial governments and districts.

We are doing our very best to produce all our reports and I am going to produce some during this meeting of Parliament on some millennium development goals and all programmes like the PIP Funding that we get including IDG Funding. Millions and billions

have gone down. I am interested just as much as you are as to what is happening in Kikori and the whole country. I want to produce those facts and figures.

Mr Acting Speaker, there is no attempt to withhold any funding. I get the same issues from all Members of Parliament. I am sure we in the Vulupindi House are doing our very best to meet these obligations. This Government has met 99 per cent of these obligations and there is no doubt we are all discussing it today on the Floor of Parliament. We are going through some difficult and tough times at the moment. There should be some roll-over funds in the accounts that we can take advantage of.

We have been meeting the commitments with regard to the IDG Funding and the commitment that we have made to the landowners in relation to the LNG project. Funds have been going out to the Gulf provincial government and the Kikori District and I want to see the reports back from you as well.

Mr Mark Maipakai – Point of Order! The only funding I know that is coming in is the DSIP. I did not receive SLGs so get the facts right. Those funds go straight to the Governor and he has a different entity. If I have received it I will acquit it so do not mislead the Parliament. I have never benefited from the SLGs. I only get what is appropriated under the Budget. I don't even know where my PSIP goes, I only receive my DSIP so get your facts right.

Under the memorandum of agreement of all those contracts signed, the governors are custodians. I don't get the SLGs and IDGs so I don't want him to say I get them.

(Laughter in the Chamber)

Mr ACTING SPEAKER – You have made your point clear already.

Mr Titus Philemon – Point of Order! The Minister is already answering the question so the Member should be sitting and listening to the answers. The reason that some of us do not know what is happening to our provinces and districts is because we live in Port Moresby and not in our districts.

Mr ACTING SPEAKER – Minister, please continue!

Mr CHARLES ABEL – In the previous Government, there is no doubt the Kikori District got K20 million through the IDG process and I don't think there is any dispute about that and that is a fact. I am not sure why we are arguing that fact.

In relation to the ongoing IDG programme, the Member was present when our Government presented the 2013 and 2014 IDG grants to the Gulf provincial government in our attempt to improve the execution of this programme because of the continual wastage and abuse of the past. We will continue to report against them, continue to encourage the provincial governments and the districts and the landowners to provide the reports back as to how those funds have been utilised. I hope I have answered the series of questions.

1303

PNG Power Management

Mr WILLIAM POWI – Thank you Mr Speaker for recognising the people of Southern Highlands to raise this questions without notice to the Minister for State Enterprises and Investments. Mr Speaker state own businesses and enterprises such as Air Niugini, PNG Power and others provide important services to this country complementing other agencies that are providing services. In line of what is happening to PNG Power.

PNG Power is an important state own business for the government. In view of the recent events that have taken place where CEO's after CEO in a matter of weeks, board members and chairman have been replace and union are also taking to the street.

As a responsible Minister for this organisation, can you inform the people of Papua New Guinea as well us members of this Parliament what is happening to PNG Power?

Mr WILLIAM DUMA – Thank Mr Acting Speaker and I want to thank the governor for southern highlands for raising this very important question. The issue of PNG Power does not have anything to do with terms and conditions of our employees of that company. There is no industrial dispute arising over terms and conditions of our employees. There is no agenda of the national government or either foreigners or to reduce terms and conditions of employees or to retrench employees of this company.

The dispute is not an industrial dispute such that the union will be concern. It is to do with the performance of a senior national member and the CEO of this company who at that time has a number of allegations against him. And the board at that time did the right thing and suspended him in line of those allegations so that investigations can be conducted into those allegations.

Mr Acting Speaker, PNG Power is a very important institution we are all aware of it. Unfortunately over the last 40 years when our own people were in charge, there is nothing good to show for it. We have appointed our own people to manage that important institution and we have fail that institution. M Speaker although PNG Power always enjoy monopoly and in situation where a company always enjoy monopoly you will expect it to make profit. Unfortunately its performance has been as low. PNG Power has let down the people of this country in the last 40 years when our own people were in charge. That is something all of us should appreciate and will agree, Mr Speaker. When the allegations were made against our CEO that time, he was then suspended, a number of things happened. The Board than engage one of the leading Australian forensic accounting company for the matter. They were engage and did a very extensive report into the allegations.

Those allegation were made before the board and base on that report the board decided to suspend our CEO again. I can report to Parliament that our CEO is a citizen of this country, he is one of us, he deserves a fair treatment then what is accorded to him, and he has been given fourteen days to respond to those allegations. And that is ongoing. This has nothing to do with terms and conditions of our employees in that company.

All our employees have been paid on time and there is nothing to give rise to the employees to be involved in so called public rallies and public meetings and communicating with leaders from both side of this parliament and communicating with members and former members of the board and former chairman and chairman of the board. That has nothing to do with our employees that has nothing to do with the profitability and performances of PNG Power as a company.

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It has got nothing to do with the employers and the profitability and performance of PNG Power itself. It's only to do with one individual whose performance has been called into question. He was given the opportunity to run this company and his performance has been in question. Of course, he has been treated fairly and he has been given the opportunity to respond to allegations and then the Board will make a decision. The Board is responsible to only one shareholder and that is the Government.

Mr Acting Speaker, unfortunately when the accounting firm conducted its investigation into the performance of the management it also made a number of very disturbing discoveries. It was discovered that the Executive Management Team were also involved. There is a group or syndicate of our very own employees who are involved in systematic

corruption. It is so entrenched in that particular company and I dare say that the situations is so similar to many of our SOE's.

Mr Acting Speaker, it's about time we all work together and we look into the performance of those SEO's and help them and if need be look for outside help because our very own people have demonstrated they are not capable of running those companies.

Mr Acting Speaker, when those reports became available the Board had no choice but to look outside. We all can agree that nearly all our State Agencies have failed us, including our various departments.

In many of our very own State Entities including PNG Power there is a very clear case of nepotism and regionalism when it comes to recruitment of staff.

In most companies you will find that there is a group of people from one region of our country who are dominating those SOE's. This has to stop. We must all work together to stop this.

Mr Acting Speaker, if all those State Owned Enterprises were allowed to perform professionally and competently we would not have to go to the World Bank or the Asian Development Bank to borrow money. These are our gold mines.

If they are allowed to operate professionally with the help of outsiders we wouldn't have to go and borrow elsewhere. We have the revenue producing assets and if we were careful we would deliver good returns for our country.

Mr Acting Speaker, the controversy regarding our State Owned Enterprise has got nothing to do with terms and conditions, with employees of the Members of the Unions. It's only with one or two individuals who have been charged to run the companies but have really let us down. It is incumbent on us to fix those traits instead of playing politics.

Mr Acting Speaker, PNG Power badly needs outside help. We must be honest and frank enough because we owe it to our people to admit that our people have failed us and therefore we need outside help. If need be we have to employ expatriates who are not going to come here to take up all our businesses and run away but to show us how to run it for a fixed term in the process train our people and go on. That is exactly what we need.

Supplementary Question

PNG Power – Unlawful Appointments

Mr SAM BASIL – Mr Acting Speaker, I direct my questions to the State Enterprises Minister in relation to the NEC breaches to the *Kumul Corporate Holdings Act*.

Mr Acting Speaker, NEC in its meeting No.2 of 2015 appointed new Board Members for a number of State Owned Enterprises including PNG Power, and thank you for your clarification earlier.

The NEC decision number two 2016 breaches *Section 12* of the *Kumul Consolidated Authorization Act* under which PNG Power is administered. This *Act* replaces the Independent Public Business Corporation.

The *Kumul Consolidated Holding Act* came into operations in August 2015 only seven months ago.

My questions are;

1) Will the Minister admit that appointments of the PNG Power Board breached provisions of *Section 12* of the *Kumul Corporate Holdings Act*?

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Secondly, *Section 12(2)* of *Kumul Corporate Holdings Act* says that there are to be seven directors on the board. NEC decision 2 of 2016 appointed eight directors.

Section 12(4) says that no more than two directors may be non-citizens. NEC decision 2 of 2016 has appointed David Conn, Garry Esay and John Mangos as Directors and all three are noncitizens.

Section 12(A) VII states that an officer or employee of the public services or statutory authority or agency cannot remain on the board of PNG Power. Appointment of Garry Esay as Director and Deputy Chairman of PNG Power Board is also contrary to this provision as he is an employee of a Statutory Authority, Kumul Consolidated Holdings.

Section 12(9) requires that appointment of Directors of the PNG Power Board be from persons nominated by the board. NEC made appointment without the boards input.

(2) Were this multiple breaches of the *Kumul Corporate Holdings Act* intentionally or done out of ignorance?

(3) Does the recruitment of expatriates to SOE Boards have implications for privatisation of SOEs possibly to expatriate business interest?

Mr WILLIAM DUMA – Mr Acting Speaker, I thank the Member for Bulolo for his important questions. I will start with the last questions first.

No, the recruitment of expatriates to run our institutions is not part of hidden agenda of this Government to take over those SOEs.

These are public institutions and as a responsible Government anything to do with State Institutions will have to be canvas by Parliament, Cabinet and many other Stakeholders so this is not a hidden agenda of the O'Neill-Dion Government.

Mr Acting Speaker, you will see that in most of those SOEs they really need outside expert help. And if you go by the performances of each of those SOEs for the last 30 years, if you look at key performances indicators (KPI), they have been found wanting. Not many of them have been able to return significant dividends to our country to enable us to put it in the budget to fund all our projects.

They have led us down badly and it's the intention of the O'Neill-Dion Government to rectify this within the limited time that we have and move those SOEs forward.

Secondly, in relation to the other question raised by the honourable Member, Mr David Conn is a naturalised citizen of this country and he meets the requirements. All of those other directors have also found to have met the requirements. And there is another provision in that particular section, which the honourable Member has quoted which says that; even if a proposed nominee does not meet all the requirements, and meets other requirements then Cabinet in its wisdom can appoint if it feels that, that nominee has something to offer to this country. And I can confirm to this Parliament that we only have seven members of the board, Garry Essay is not on the board.

I can undertake to deliver a copy of the NEC's decision to the honourable Member that will clarify to him and other members of the public that we have appointed seven appointees on board and Garry Essay is not the Director.

MOTION BY LEAVE

Mr JAMES MARAPE (Tari-Pori – Minister for Finance) – I ask leave of the Parliament to move a motion without notice.

Leave granted.

SUSPENSION OF STANDING ORDERS – REARRANGEMENT OF BUSINESS

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

That so much of the *Standing Orders* be suspended as prevent Minister for Trade Commerce and Industry and Minister for Fisheries and Marine Resources and Minister for National Planning in presenting their ministerial statement please.

Mr RICHARD MARU (Yangoru-Saussia - Minister for Trade, Commerce and Industry) – Thank you, Mr Acting Speaker, for giving me this opportunity to inform this honourable Parliament on the work of my ministry has been doing in the area of International Trade since the ministerial function was transferred to become part of my ministry, when this Government took office .

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Mr Acting Speaker, trade is like a blood vessel that carries blood to all parts of our bodies whereby keeping the body alive. Without blood vessels, the blood will not reach its destinations resulting in the body malfunctioning.

Mr Acting Speaker, In the same light, trade is necessary to facilitate the movement of foreign trade exchanges, access to goods, services, technologies, skills new markets and materials et cetera that are needed to grow our economy and improve our living standards. Trade is the engine for growth and development in any country.

Mr Acting Speaker, international trade is a critical component of any economy in the world. It is like blood vessels that carry nutrients needed for growth and development for any economy in the world. Trade is the exchange of capital goods and services between countries.

Mr Acting Speaker, we import from other countries what we do not produce or have and export what we have produced to other countries to earn foreign currency. Importantly, the more we produce and export, the more we expand our economy, create wealth, increase business opportunities, develop industries, create jobs, reduce poverty and improve the living standard of our citizens.

No doubt international trade constitutes a large share of our gross domestic product, generates employment, increases our growth rate, allows investments in services and determines the economic competitiveness of our country.

Mr Acting Speaker, trade constitutes over 50 per cent of our GDP and over 80 per cent of our government receipts that come from trade transactions. It also facilitates thousands of jobs and income generating opportunities for our people. A good example was when PNG secured global sourcing, market access and concessions for our fisheries industry offered by

the European Union (EU) under the Interim Economic Partnership Agreement. This saw that we created 30, 000 jobs in the fisheries sector whereby 80 percent of the jobs employ women.

Other spin offs like development infrastructure, development tax payments and business spin offs were also experienced, particularly in the Lae and Madang areas where canneries were established. We would like to see more of these benefits flow on to Madang when we develop the PMIZ.

Mr Acting Speaker, international trade is evolving into an era of globalisation of production, global value chains and distribution chains, high volatility of foreign direct investment flows and increased liberalisation traditional border masses. Therefore, it raises the need for our government to be resilient and responsive to the changes in global investment and trade for Papua New Guinea to remain a competitive player in the area of international trade investment.

Mr Acting Speaker, the availability of high quality, abundant services like transport, communications, banking, insurance services, as well as business services of all sorts, high product standards and norms, and open investment regimes have all become factors for increasing the trade competitiveness in goods and services.

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Mr Acting Speaker, PNG is caught in a bigger picture of international trade. Since 2008, the WTO DOHA Round of talks have stalled over a divide on major issues, such as agriculture, industrial tariff and non-tariff barriers, services and trade remedies. The most significant differences are between developed nations led by the European Union, the United States, and Japan and the major developing countries led and represented mainly by India, Brazil, China and South Africa. There is also considerable contention against and between the EU and the USA over their maintenance of agricultural subsidies seen to operate effectively as trade barriers. So where do we find ourselves as a nation?

Mr Acting Speaker, the situation has forced countries into signing multilateral or bilateral free trade agreements with each other. Examples of multilateral free trade agreements is the ASEAN Free Trade Area (AFTA), and for bilateral agreements ASEAN has bilateral agreements with the following countries and bloc; we have an Australia and New Zealand Free Trade Area (AANZFTA).

Mr Acting Speaker, because international trade has evolved over time, this country must also explore opportunities beyond its traditional boundaries in terms of negotiating new and better market access conditions for our goods and services and also attract multi-million

dollar investments into our economy. We must therefore create appropriate domestic policies and legislations to facilitate investments into services industries like tourism and hospitality, transportation, telecommunication, water, and energy supplies. This will bring the cost of doing business in our country down.

PNG's Engagement with APEC

Mr Acting Speaker, Papua New Guinea has been a member of APEC for over 20 years, in other words, we had 20 years opportunity to benefit from the open, integrated market. PNG's top ten trading partners as of last year include nine APEC economies led by Australia, Japan, China, Singapore, Malaysia and the United States. Since 1994, the Bogor Declaration provided guidance on how to achieve economic cooperation and growth within APEC by adopting "the long-term goal of free and open trade and investment in the Asia –Pacific region", which is commonly known as the Bogor Goals. Through the years, the Bogor Goals has remained as the inspirational strength behind APEC's agenda. What are we going to do as a developing member economy hosting the 2018 APEC Summit?

Actions undertaken to improving Trade Administration

Mr Acting Speaker, as the Minister responsible, I have recognised the significance of international trade for our economy and I have taken bold steps to correct and improve the chronic and negative situation on the status of Trade, particular to elevate that status of Trade as an important economic sector and policy instrument within the structure of the government.

Mr Acting Speaker, two years ago, I had officially announced the transfer of Trade Function from Ministry of Foreign Affairs to the Ministry of Trade Commerce and Industry because of the constant movement of Trade Function between ministries had affected Trade Division so badly. I want to transform Trade Division into a new, vibrant independent office. I will elaborate why later in my statement.

Mr Acting Speaker, our Government and the European Union had entered into an agreement worth 6 million EURO or K18 Million as EU's Trade Related Assistance Programme Phase Two (TRA II) to PNG. My department jointly with the department of National Planning and Monitoring, and the EU head of delegation to PNG had launched the programme for implementation early this year. There are three key expected outcomes to deliver; (i) institutional reform in trade (ii) formulation of an international trade policy (iii) provision of trade facilitation support to line agencies.

Mr Acting Speaker, the Department through the Trade Division is currently undertaking this exercise with the support of a Project Management Unit and Technical advisors. I am working to deliver a Trade Policy and Trade Office legislation this year.

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Mr Acting Speaker, the (NEC Decision No 23/2014) had approved a submission from my ministry to establish a PNG Permanent Trade Mission in Geneva in Switzerland to take advantage of development opportunities emanating from discussions on Aid for trade and any other trade related arrangements. The head of mission will also be the ambassador to the World Trade Organisation.

Mr Acting Speaker, in terms of PNG's relation with the EU, I have made PNG's position clear that we will maintain, deepen and widen the current Interim Economic Participant Agreement we already have with the EU and signed and ratified with the EU. This position has been shared by the EU and since the ongoing discussions on a comprehensive EPA between EU and the Pacific has been suspended for three years we will continue to stick with the IEPA which is in PNG's favour. I have conducted a High Level Trade Committee Meeting in 2013 and I visited the Headquarters in Brussels, last year to formally announce PNG's withdrawal from the EPA negotiations which the rest of the Pacific has been pursuing.

Mr Acting Speaker, in November 2014, this Government through my Ministry has played a lead role in strengthening and deepening of the intra MSG trade, investment and economic integration amongst the member of the MSG, when the Trade Minister anonymously adopted the MSG Trade Ministers Port Moresby Declaration in November 2014 with the theme "Securing Future MSG Prosperity Through Trade and Economic Integration".

Mr Acting Speaker the MSG Trade ministers under my chairmanship have agreed to number of areas to facilitate economic integration including; Investment Promotion and Protection with all emerging MSG Member countries, Double Taxation Treaties, MSG Member Business Travel Cards, and operation of the shipping line from Port Moresby to Jayapura and back to Port Moresby, to the Solomons, Fiji, Vanuatu and New Caledonia.

Mr Acting Speaker, let me inform this Government and this Parliament that we have had a sad and chronic situation where this country has not fully embraced the benefits of international trade of a country blessed with the abundance of natural resources and vast

growth opportunities. Why? This is because since independence we have not been conducting international trade with a comprehensive and coherent trade policy. In fact, for the last 40 years this country had no trade policy.

Mr Acting Speaker, successive Governments failed to recognise and put in place a coherent framework of rules and regulations to govern and guide the administration and conduct of international trade in this country. This often contributed to:

- constant movement of the Trade Function between different Government Ministries of more than 10 times over the last 40 years,
- development ad hoc and often conflicting rules regulations and practices affecting trade,
- disconnection between the trade framework and other economic (tariff investment, industrial), sectoral (manufacturing, agriculture industry, fisheries and minerals) and social policy issues leading to poor coordination between key economic sectors,
- absence of long term sustain support from respective elected Governments and
- PNG has been reactive rather than being a proactive player in international trade negotiations.

For a better future of country we must change these ridiculously unsustainable seemingly chronic and negative impact of this practice, we need to be proactive and responsive towards the changing international trading patterns and systems to take advantage of emerging opportunities and be competitive in the area of international trade arena. We cannot be competitive if we continue with the current unpredictable conditions.

Mr Acting Speaker, if there is a time for PNG Government to recognise and intervene into forming trade administration, trade policy formulation and an implementation structure, with clear linkages with key economic sectors, it must be undertaken by this Government as we prepare to host APEC 2018.

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This is to ensure that PNG has a permanent and clear institutional support and framework to be effective and responsive on advising the Government on emerging international trade matters on how PNG can take advantage on international investment and trade opportunities.

Mr Acting Speaker countries around the world both developed and developing have recognised the importance of international trade and are channelling more resources into the ministries of trade to ensure better market access conditions for their goods, services,

investment, movement of skilled workers and financial and technical assistance are effectively implementing trade agreements to achieve their domestic goals and policies.

Mr Acting Speaker, during my tenure as Minister responsible for Trade, I want to correct the wrong emphasises in the past and within the next 12 months, I will deliver to this Government a new international trade policy and a enabling legislation of Parliament to establish a new modernised trade office to coordinate all trade related activities in this country to avoid duplication of roles and responsibilities and wastages of resources as it is now amongst key trade actors within our Government structure.

As the Minister responsible, I wish to see this new look trade office to be fully equipped with adequate and quality human resources, adequate funding and organisational structure, covering key areas, trade advisory body, trade missions, trade policy implementation and monitoring; trade negotiations, trade promotion, trade research and development; legal and technical support including information and telecommunication services and so on.

Mr Acting Speaker, in order to remain competitive and be connected with the global market, my ministry is currently embarking on the following:

Engaging in reviewing and updating our World Trade Organization (WTO) commitments to ensure that trade interest of our people is protected and better served at the global level. In this connection, we strive to achieve full compliance with our WTO commitments under the various WTO Agreement that can benefit PNG, including implementing the WTO Trade Facilitation Agreement with the aim to reduce cost of doing business and make PNG more competitive globally;

As I mentioned already, we are actively participating in the Asia Pacific Economic Cooperation (APEC) process with relevant process with relevant government agencies to ensure the policy agendas of APEC 2018 reflects what we want to achieve for the APEC regions and also our own national development agenda and aspirations for our people as the host;

We are actively participating in the United Nations Economic and Social Commission for ASIA Pacific Region (UNESCAP) led process to develop a regional framework on cross-border paperless trade facilitation in line with the UNESCAP Resolution 68/3 and 70/6 to modernise our trade regime from paper base to electronic which will further contribute to reducing the cost of doing business and shorten turnaround time for facilitating the movements of goods;

We are currently implementing the interim Economic Partnership Agreement (iEPA) with the European Union (EU) working in close consultation with all relevant trade facilitation agencies, regulatory agencies and border agencies to ensure our people take full advantage of this lucrative market access.

Mr Acting Speaker, in terms of the ongoing negotiations on a comprehensive Economic Partnership Agreement (CEPA) between the EU and the Pacific ACP Countries, I wish to inform Parliament that as of this year the EU has suspended the negotiations for the next three years to save time and costs as positions of countries are still wide apart particularly on fisheries issues. Mr Acting Speaker, this decisions does not affect PNG as our commercial intersts are already provided under the IEPA and we will only widen and deepen the agreement on new areas mutually agreed by the parties.

In addition, we are also participating in the current redrafting of the Melanesian Spearhead Group (MSG) Trade Agreement with the view to modernising and extend the coverage to include trade in goods, services, investments, movements of skill workers, and development cooperation to further strengthen and consolidate and keep expanding our markets shares in the MSG region as well as entering into new markets such as Papua Province of Indonesia and New Caledonia which together represents a total of 12 million Melanesian people.

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These are significant markets right at our doorstep such as the Papua province of Indonesia and New Caledonia which together represent a total of 12 million people Melanesian people. This assist to the market right to our door step.

Mr Acting Speaker in order to continue implementation, deepening and making sure we continue to utilise trade concession agreement, my ministry will soon commission or review all existing and currently negotiate bilateral and regional trade and investment treaties. Destroy an investment arrangements that does not serve the PNG interest and if need be PNG will withdraw in order to focus on key priorities in accordance with the level of capacity and pace of growth and with the aim to increase to create and participate opportunities to improve PNGs market share in the global economy.

Mr Acting Speaker, we are also fully aware that our competitors in the tuna expose to the new light in the Philippines and Thailand have now come to our shores to have access to our resources and the market is available under the interim DBA. But now they have also negotiated similar preferential market access with the EU. Which means these countries and

PNG are competing for EU markets. But the good news is that we have our resources that is why we must take full control of our resources.

Our resources are already seen as depleting and we need to apply all control measures to control all our resources. About 80 percent of the world's tuna is found in PNG's 2.5 million square kilometre exclusive zone. The fishing industry has grown from a dependency on access fishing in the 1980s to a more diversified sector with significant downstream processing today. And really about three quarters of a million tonnes of tuna is caught in PNG waters. Most of this are landed in other countries for further processing. The Pacific tuna Forum estimates a raw value of PNGs annual catch at a value at about 1.5 million per annum and says this figure could more than double if more value added activities were implemented in this country.

Indeed PNG has a long term goal of processing 100 percent of our tuna within our country. Therefore Mr Speaker lets now add value to all our natural resources not only in fishing industry but all natural resources including agriculture, forestry, mining, petroleum and our energy sectors.

We are already identifying in special economic zones to conduct our trade relations with genuine investors and partners. This fundamental initiative, if fully developed and implemented will provide a vehicle for industrial growth and increase production base for our export while spill over activities will be triggered where our citizens can participate in meaningful micro small and medium size business activities.

This approach will help to transform our country from an agro-base net exporter to a net exporter of processed and manufactured goods. Mr Speaker, Vision 2050 recognises the importance of trade as an engine for propelling economic growth and prosperity. This is reflected in the adoption of a sixth guiding principle on PNG being progressive and globally competitive. Our policies signalled a shift in our trade investments policies to focus more on import substitution with domestic policies, aimed to promote home-base industries including trade grader processing of natural resources particularly agriculture commodities, logs to fish to more outward looking policies which focuses on trade organisation with economic diversification with growth, downstream processing of manufacturing as will pursue in our new trade policy.

Our fundamental belief of this government is to minimise the over-reliance on our enclave on non-renewable sectors by creating backward linkages with agriculture sectors so that the earnings from main claim sectors can be used to develop our renewable sectors to

sustain our economy for years to come. Mr Speaker I now need to comment on Australia's strategy on developing north in Australia.

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Mr Acting Speaker, from this perspective I bring to the attention of this Parliament my former counter-part the Australian Minister for Trade and Investment, Honourable Andrew Rob, was in the country last year in Lae, during the opening of the PNG – Australia 31st Business Forum, announced Australia's 'White Paper' on developing the Northern Territory and parts of Queensland and extended invitation for PNG Business to take advantage of it.

Unfortunately, he created some scepticism on our side and we need to be very careful given its negative impact that will have on our efforts in promoting onshore investments and encouraging value adding of our resources and encouraging services like tourism on our shores.

The 'white paper' is also aimed at creating free trade between Australia and the Southern Part of PNG. We will definitely lose investors as they will choose to locate their plants and businesses to Northern Australia to do business with PNG under their special economic zone.

I know the Minister was talking about future development prospects for taking advantage of the demand for increasing middle class citizens in Asia generally including China and India and other Asian countries.

PNG must be careful that we do not get caught up in that strategy because it will undermine our priorities and aspirations to develop to develop SEZ's to take advantage of emerging opportunities in Asia, by developing PNG into a major manufacturing hub in the region.

Mr Acting Speaker, let me now comment on PNG's engagement in Pacer Plus Negotiations.

On a related note, I wish to inform also that Australia and New Zealand are also negotiating a regional agreement called a Pacific Agreement on Closer Economic Relations or (PACER PLUS) with 14 members of the Pacific Island Countries including PNG and Fiji. Since, its suspension from the Pacific Island Forum, Fiji has recently late 2014 re-joined the negotiations but only at the officials level.

My grave concern is that negotiating and concluding PACER PLUS agreement does not guarantee genuine investments from Australia and New Zealand into our priority sectors, particularly large scale agriculture and livestock farming to produce our dairy products, fruits,

nuts, vegetables which we have huge potential. We had 40 years of lost opportunities and spending millions of dollars importing food items mostly from Australia and New Zealand which we could produce ourselves. PNG has created the biggest market for their products in the Pacific. While we thank them now for feeding us, it's now time for us to produce our own food to feed our own population as well as it is our turn to feed them, not with our minerals and petroleum products, but with our packed and canned food.

Our land is very fertile and PNG can produce a food basin to produce quality and quantity of food to feed the world. This is the way to engage in international trade and this is how I believe we can graduate this country into a middle income earning country to realize the objectives and goals in our PNG Vision 2050 and the Medium and Long Term Plans and Strategies.

Mr Acting Speaker, our country is a land of opportunities and we are welcoming genuine investors from all over the world. Few success stories like the LR Group from Israel is presenting in the country and is already producing fresh vegetables, already supplying our local markets and for the first time they are now supplying to Fiji.

They have created jobs and transferring new technology and skills with new ways of growing. We are now conducting a feasibility study with a genuine investor from EU to add value to our cocoa to produce different varieties of chocolate. We also have investments in canneries from Asia and the Europe and the invitation is open to invest in the lucrative 2 billion kina tuna industry.

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Mr Acting Speaker, as I mentioned earlier our drive is to replace imports and produce our own food and non-food products while we can export surpluses. We do in fact need genuine investors both local and foreign to help gradually develop our industrial base to diversify and add value to our natural resources as well as into services sector like telecommunication, water supply, electricity, tourism, transportation and so on.

We set our development priorities to create a better destiny and a better quality of life for our citizens. Therefore, agreements like PACER Plus must not dictate our development aspirations and tell us what to do.

If Australia and New Zealand want PNG to be ambitious and actively involved in this negotiations at all levels, they must offer additional benefits over and above what they have already offered under the existing arrangements. We demand new additional development

assistance, clear market access protocols, mutual recognition of our quarantine measures and standards to allow exports into their markets.

Mr Acting Speaker, it has come to my attention that our Government has already signed an Economic Cooperation Treaty with Australia. In a Ministerial meeting in Canberra we have asked for an additional annex to be added on trade and investment which we hope to wrap up this year.

Mr Acting Speaker, in conclusion, I strongly emphasise that if we do not take action today to recognise and elevate Trade as an important function of the Government similar to what the newly industrialized South East Asian Tigers like Singapore, Thailand, Hong Kong, South Korea and others, this country will continue to miss out on the opportunities and benefits that is presented to us through international trade and globalization process.

As a global competitor, we need a modern Trade Policy and a vibrant Trade Office to provide a central coordination body and technical and policy advice to our Government on ways to respond quickly and effectively to the emerging international trade issues and challenges.

Lastly but not the least this Parliament is fully aware that our Government is hosting the APEC Leader Summit in 2018. Without a new Trade Office, without a Trade Policy, and a Trade Advisory Board with permanent linkages with sectorial agencies, how can we address the outcomes of the Leaders Meeting? We need a modern Trade Office fully equipped with modern facilities and technologies, adequate funding and quality human resources to place PNG on par with the rest of the APEC economies. Thank you Mr Speaker.

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

That the Parliament take note of the Paper and the debate be adjourned to a later date.

Debate adjourned.

Mr Kerenga Kua – Point of Order! Mr Acting Speaker, we should debate this while ideas are fresh in our minds.

Mr Don Polye – Point of Order! The motion is yet to be entertained. This is very important Paper and I know it is made an Order of a subsequent Sitting Day but so many of those Papers are piling up and there is no debate. The Budget will be next and I think it is important that the Opposition be given the opportunity to debate to support the policy.

Mr James Marape – Point of Order! Mr Acting Speaker, the motion is on the Floor, you have to entertain the motion.

Mr Don Polye – You are abusing the process.

23/03

**STATUS OF BECHE-DE-MER FISHERY IN PAPUA NEW GUINEA –
MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr MAO ZEMING (Tewai-Siassi – Minister for Fisheries and Marine Resources) – Thank you, Mr Acting Speaker, The sea cucumber fishery and the associated beche-de-mer trade is the most valuable fishery for coastal and island communities in PNG. Before the current moratorium, the beche-de-mer trade was estimated to be worth approximately 45 million kina annually with around seventy percent of the export value going directly to coastal and island communities or approximately. This is equivalent to 28 million kina.

Unfortunately, due to extensive overfishing, the sea cucumber fishery was closed in late 2009 for an initial three years to allow the sea cucumber spawning population to recover, and was extended again in 2012 for another three years. During this closed period, the NFA has conducted annual sea cucumber stock assessments in the Manus, New Ireland, Bougainville, East New Britain, East Sepik, Madang, Milne Bay and Western Provinces to monitor the sea cucumber stocks and population recovery.

The results of these assessments indicated that sea cucumber populations have not yet fully recovered with many areas indicating no recovery at all. The results of these estimates have also been used to set Total Allowable Catches (TACs), but the majority of Provinces do not have enough sea cucumber stocks to warrant opening. Subsequently, the NFA is now considering the further extension of the moratorium.

An issue that is putting at risk the biological sustainability of sea cucumber stocks, is the increase in illegal activities pertaining to fishing for sea cucumber and holding of beche-de-mer. These activities are not in the best interest of the fishery.

The NFA has prepared several media statements that have been broadcast with the assistance of the National Broadcasting Commission on all Maritime Province's radio stations with the aim of informing coastal and island communities of the current status of the sea cucumber fishery and to request coastal and island communities not to engage in any illegal activities.

The NFA is mindful of recent complaints of illegal fishing by external parties in the Milne Bay Province and the NFA takes seriously these report and is responding in line with its Standard Operations Procedures and is in the process of coordinating with the PNG Defense Force and local charter vessels to attend to these complaints.

The NFA calls upon the public who witness illegal fishing activities to send their reports to their local Fisheries Office in their Province or to the NFA's Compliance Division.

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

That the Parliament take note of the Paper and the debate be adjourned to a later date.

Debate adjourned.

24/03

**2015 PAPUA NEW GUINEA DEVELOPMENT CORPORATION POLICY –
MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr CHARLES ABEL (Alotau – Minister for National Planning & Monitoring) - I seek leave of Parliament to make a statement

Leave granted

Mr Acting Speaker, in 2012 the O'Neill-Dion Government decided to improve the coordination management and implementation of development cooperation assistance in this country. Consequently the Department of National Planning and Monitoring undertook and

assessment to identify strengths, weaknesses and gaps in the way the Government was conducting its business with all our development partners.

The assessment concluded that the operations in terms of development cooperation assessment in Papua New Guinea was conducted in a vacuum. This situation was further compounded by the lack of collaboration and cooperation between government agencies in the application of development cooperation assistance in a strategic manner. Such was the severity of the situation that it necessitated the need to develop and adopt a policy that would provide guidance, governing structures, demarcation of roles and responsibilities, reporting requirement, monitoring and evaluating and a results framework in coordinating development cooperation resources.

Mr Acting Speaker, further more with Papua New Guinea's increasing leadership role in the region, it was important that the country instituted a governing framework to provide coverage for the funding for the small island states within the Pacific region.

Mr Acting Speaker, it was also imperative that PNG be seen to be complying with International Conventions on Aid and Development Cooperation.

In Papua New Guinea, Mr Acting Speaker, many of our people want to know how they can access foreign Aid to develop their communities, some communities want to know which development partners are operating in their area and the impact and value it will add to their livelihood. For many more, it is a call for greater awareness of development partner activities and so the department has responded accordingly in this 2015 Development Cooperation Policy.

Mr Acting Speaker, allow me to commend the great work of many of our development partners. Some have historical ties with us and have been with us prior to and post-independence, others joined us much later but all are part of a partnership that remains committed to the development aspirations of our nation. The combined resources from all our development partners contribute to a significant although a declining portion of our national budget.

These resources provide essential support to our Government's delivery of services in key priority areas such as those espoused in our medium and long term plans, key priorities such as health education, HIV AIDS, gender based violence, law and order, transport and infrastructure, and capacity building initiatives have been supported by these development partners, and as a country, Mr Acting Speaker, we are most grateful.

Our Government in its term has completed a comprehensive review of the development framework of Papua New Guinea. This has resulted from the Department of Planning in the

publishing of the National Strategy for Responsible Sustainable Development, the Medium Term Development Plan II and the proposed planning and monitoring responsibility act which I will bring to the Floor of this Parliament next week.

Cascading policies such as this 2015 Development Corporation Policy reinforce the focus of all stakeholders to the comprehensive five-year development plan of PNG which are the Medium Term development Plans and its detailed indicators .This process is promoting better coordination focus and outcomes. It provides clarity and direction to all stakeholders including our development partners. Mr Acting Speaker, the goal of the 2015 development Corporation Policy is to ensure the development corporation resources make maximum contribution to the achievement of Papua New Guinea's development goals as prescribed in the medium term development plans guided by the principles of PNG as enshrined in our goals and directive principles.

The three main objectives of this policy are,

(1) To identify development corporation sources and device appropriate strategies to mobilise resources to contribute towards the implementation of the MTDP and its supporting development plans and strategies,

(2) Strengthen partnership with key institutions and stake holders involved in development Corporation including mobilisation, coordination performance management and delivery focusing on capacity and strengthening systems,

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(3) To institutionalize and co-ordinate PNG's regional assistance to recipient countries devised within the context of the Melanesian way helping brothers and sisters in need.

Under the three objectives there are strategies to go about in order to achieve these objective. The strategies were sought out very carefully before being devised and these strategies are as follows in these 14 guiding principles.

1. Development partner shall respect the Government of Papua New Guineas constitutional directive on sovereignty, its leadership and established protocols in mobilizing and co-ordinating managing and developing and delivering development co-operation resources.

2. Development cooperation resources shall support and be aligned to the overarching and supporting development plans and strategies of the Government of Papua New Guinea through established country assistance strategies and partnership arrangements.

3. The bulk of development cooperation resources shall be steered towards the sub national level consistent with the Government of PNG's significant resource allocation to the sub national level.

4. Development cooperation resources shall be distributed fairly respectively and efficiently building on national and sub national synergies and responsibilities and consistent with the national service delivery framework of the Government of Papua New Guinea which is described in the MTDP 2 and is also described in the upcoming Planning and Responsibility Act.

5. Institutional Partner Projects, Institutional Capacity Development Strategies and technical advisory support provided through development cooperation programs and projects shall be requested by and agreed to by the recipient head of agency.

6. Development Partner shall utilize to the greatest extent possible the Government of PNG's processes, procedures and systems in delivering development cooperation resources.

7. Development Partners and the Government of PNG relations will be based on mutual respect, mutual responsibility, transparency and accountability for improved development outcomes.

8. Development Partner shall focus their resources in only a limited number of strategic sectors of comparative advantage and demonstrated success to avoid resources being thinly spread and ensure greater impact.

9. All development cooperation resources shall be reflected in and delivered through the Government of PNG's Annual Budget.

10. All Development Cooperation Programs and Projects shall be delivered through or providing support to the Government of PNG's sector wide approach in the Medium to Long Term.

11. The Government of PNG shall be actively involved in the overall design, tendering, management, implementation, monitoring and evaluation completion stages of development cooperation programs and projects.

12. Development Partners shall ensure that programs and projects at the sub national level are designed in consultation with Provincial Administration and District Development Authorities and their respective development plans and strategies.

13. All development Cooperation shall gradually move into the future to support economic oriented infrastructure enablers and economic growth prospects.

14. The Government of PNG shall embrace and deepen South South Cooperation in its reception and assistant approaches in addition to North South Cooperation.

Mr Acting Speaker, implementation of the policy of course is just as important as the formulation itself therefore this policy identifies key departments and it clarifies their roles in foreign Aid coordination and management.

Each of these departments through this policy we made aware of their responsibilities and obligations so they are clear and act accordingly.

Mr Acting Speaker, given the changes in global landscape on foreign Aid the private sector and civil society organizations have very much gain prominence as key stakeholders and development partners. Our Government recognizes this and has identified the roles and responsibilities that these important non State actors will perform in the whole development cooperation process.

Mr Acting Speaker, the dialogue mechanisms that are at the core of our partnership with the development partners have not produced some of the desired outcomes simply because their fragmented and incoherence. Development Partners have been conducting their own dialogues.

Our Government must and will provide a leadership structure at all levels to ensure that development issues are addressed by mutual consensus and relevant change to institute for the benefit of everyone.

Mr Acting Speaker in this regard the 2015 DCP Policy provides a clear structure for this engagement and dialogue process.

Mr Acting Speaker, in terms of monitoring which is the important element of this policy the 2015 DCP Results Framework is an important part in ensuring development effectiveness.

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It assists to identify and focus on key objectives within a complex development environment and links it all back to and focusses on the successive MTDPs of governments.

Mr Acting Speaker, this policy was not developed in isolation but through a comprehensive process that ensured all stakeholders were given an opportunity to contribute. The Department of Planning and Monitoring instituted a wide and robust consultation process. Heads of state agencies, provincial and district administrators, heads of foreign missions and development agencies, private sector institutions, civil society organisations and churches were consulted. To complement the formation process, a national validation workshop was conducted to ensure closure and create national ownership of the DCP.

Mr Acting Speaker, after 40 years of operating in parallel and uncoordinated systems, PNG can now direct the utilisation of these development co-operation resources in a coordinated and structured manner.

The honourable Members of Parliament can be assured that the Department of National Planning and Monitoring will work with them and support them through the provision of timely and relevant and appropriate advice in regards to this development cooperation. This is the beginning of a new policy but I am confident that the department will endeavour to deliver and implement this policy. I ask for all of our support in this policy and the upcoming act and the other associated policies like the trade policy that is coming up.

Mr Acting Speaker, our Government through this new development is trying to link all these things back through to our development plans and we all concentrate on delivering the indicators in those plans.

Mr Acting Speaker, through you and to all Members of Parliament, I now present this 2015 Papua New Guinea Development Cooperation Policy.

Mr DON POYLE (Kandep- Leader of the Opposition) - I move –

That the Parliament take note of the paper.

Mr Acting Speaker, I thank the Leader of Government Business to allow for a debate on this paper. From the Opposition's perspective we agreed on the points that have been mentioned in the three papers. There have been good points about how the Minister intends to develop the international trade policy and we do agree. There has not been one such policy in the past. He also mentioned that trade is now globalised meaning we are no longer protected and are in the open market to compete. It is true that Papua New Guinea's trade must be done along with other trading partners like Japan and Australia.

Mr Acting Speaker, as mentioned by the Minister for Fisheries, I recognise the challenges with regard to the trade of sea cucumber or beche-de-mer. I have heard the Minister for National Planning and Monitoring talk about a development cooperation, about the partnership and the plans and strengthening of the partnership. Also about institutionalising the regional assistance we can give to other countries and act within the region. Let us look at all of them in totality because they will have an impact on us as a country.

Mr Acting Speaker, they spoke about operational and administrative and facts that are there but I would like to hear about the answers to the challenges that we are facing. There are challenges in all this government policies.

In the Opposition ranks, we recognise these challenges but the bottom line is how will the grassroots Papua New Guinean like mine in Kandep, Oksapmin, Bulolo, Henganofi and elsewhere where the 90 per cent live in rural areas benefit from these government policies. How can we ensure that policies such as International Trade and the beche-de-mer will alleviate poverty in these areas?

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There are others like Teleformin, Pomio, Bulolo and Henganofi and others as well. Of all these places 90 percent are in rural areas.

Therefore, policies such as International Trade, Development Co-corporation, Beechder-mere policy and all the other policies will reduce the poverty level. Meaning that mothers, young boys and girls and even kids will have money in their pockets, which will empower them to sustain themselves and have a consistent income every year. With the money they earn will assist them to budget with confidence because they have this assurance that every month they will make this much from whatever they sell from their products.

But now the situation is very difficult, we all have agreed on these policies to be implemented but it's not working the way we wanted from observations an estimate of 200 000 to 300 000 Papua New Guineans are employed in the formal and informal employment sector.

Now a days once one of a family member is employed the extended family members would want to come and live with him or her and benefit from whatever is earned and it's a very big problem now a days. It's really affecting most families living in towns and cities.

The onus is on us elected Members of Parliament to relook at the so called policies to work so that it impacts the livelihood of the least disadvantage people such as the old women, men and the forgotten ones who are living in the remotest areas of Papua New Guinea. How will they benefit meaningfully by having a consistent earnings from their sales once we operationalise it or translate these policies into action?

Let me say this, Parliament must understand the issue of international trade and I am glad that the Minister has elaborated on this issue by saying that it's an opportunity for us to benefit from other countries.

Meaning that once trade is integrated, we are not protected but for other countries it's very good for them such as Singapore, Hong Kong, Australia, New Zealand and others in the North such as Iceland and Japan because they have established systems, institutions, skills and manpower. They have now excelled on a development approach called 'innovations' in science and maths and technology driving it with other skills work such as carpentry, fabrication, manufacturing and agriculture. They already know and now they are on information technology and they are multi-skilled.

Now, here we want to introduce our international trade policies with the other countries but don't forget they are more advance and become more competitive in their businesses. Once they come here and want to do their business, do you think our local companies are that competitive to compete with them? We have to be honest with it. Are our people competitive enough to survive in the business? Are our SME such as, Micro small Medium Enterprises, are they fully skilled, fit and capable of surviving in it? Because its integration and its free trade globalise economy. They come here to compete with the same micro that we have like the one in America but their manpower, expertise and skills are different.

For PNG to develop an economy is hard and we have got more threats coming. Don't think that opportunity will come that easy, no more threats. Even to run a simple security companies, printing companies, internet café will be hard and international companies will take over simply because of no efficient services or profitability.

That leads to our university graduates young men and women selling daily newspapers and our young girls going into prostitutions and killing young boys escaping from prisons and calling them criminals only because competition is real.

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When there is integration of the economy and international trade, you will find more affluent and skilled people who take over locals business that is a fact we must see.

When we have affluent people in the country then you can take advantage. I agree with Minister for National Planning that you develop comparative advantage, meaning you have the innovation, you have got the technology, you got the skill and the resources with you, and so it's easy. So we say we compete with Australia or New Zealand or a Scandinavian country by finding Papua New Guinea's area of strength which we can trade as a comparative advantage and then we can compete at equal footing, but at the moment it is very difficult. Whilst I agree with the key objective of the Government, the Opposition also has this where

we can work together because we look at it in that perspective, it's threat to us Papua New Guineans for business.

The question is, what do we do? The Opposition sees that we have to target the human population (the Papua New Guineans not business or trade but the person) how do we empower that Papua New Guinean to alleviate poverty? That simple decision we make, can it elevate him/her? That is the question and the way I look at it is to first and foremost is skilling, we must be competitive, you must have a child who must be competitive with those who are coming in to compete with us. We are integrating now, the economy trade and business has already being globalised. We must have people who are skilled in SME businesses, mining business, petroleum business, petro-chemical industry business, agriculture business, beche-de-mer business and even to have corporation, our people must be skilled.

But my colleague members, just look at it. Are our people skilled? Are Papua New Guinea's affluent with book keeping, with entrepreneurial skills that they can have to be able to compete?

I think this House should look at skilling Papua New Guineans to make sure that they can embrace these challenges that are coming on board by way of participating competitively because of a skill that they have developed.

Our universities must be given priority. We must develop them and lift them to the standard where they meet the international standards.

The questions we ask is are our university of international standards? Can we also lift our lower level school to that standard? What about our technical development institutions? This is simple mechanisms of concrete line training, like the simple techniques used to excavate or make a cement baskets the foreigners are making it. During my time when I was working as a Civil Engineer in the Ok Tedi Mines, along the roads we the Papua New Guineans had overseers, superintendents and the foreman who didn't go to school but they knew how to make the cement baskets, the Papua New Guineans used to drive loaders and trucks but now I see people from other countries are doing that.

What is happening? Are we losing our technical skills and others can come and out compete our Papua New Guineans. All of these are very important. Like I said, when we position Papua New Guinea we must first address how to skill Papua New Guineans.

The best gift that we can give the Papua New Guinean is not money, its giving them an affluent of managing all these issues and making them strong.

The second point that we can position our people to compete into international trade in fisheries and other areas is industrialisation of Papua New Guinea's industrial sector. I have been saying it and I will say it again when the National Planning Minister talks about competitive advantage, Mr Acting Speaker, can somebody say what the competitive advantage is?

It is agriculture, we can say it easily but we are not thinking seriously enough. We have 10 thousand years of carbon dating history and that is our competitive advantage. We are entering Papua New Guinea into a food basket of the world, that is how our skills can be developed and we can out-compete our economies. That is where our economy will create wealth for our Nation. At the same time we are empowering the people of Papua New Guinea.

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Look at all the land we have and industrialising agriculture as the focus of this Parliament that will lead us to the solution of empowering Papua New Guineans to compete successfully.

Thirdly, we must empower our SMEs. Minister for Trade, I was very keen to come to the SME meeting but when you did not give us the policy and announced it, it was disappointing. We need to see it as a policy because it is not just a policy. We must legislate in Parliament which jobs that must be left to indigenous Papua New Guineans. For example, security companies belong to indigenous Papua New Guineans or flower gardening or even petro-chemical jobs. We can say that these category of work belongs to us so that in an integrated economy, we do not have outsiders coming in to displace indigenous Papua New Guineans in SMEs. We have to legislate to categorise these areas.

We also need to categorise other areas between indigenous Papua New Guinean SMEs to partner with investors. This is because there are other businesses Papua New Guineans cannot do alone thus we need to categorise them. We must legislate and make it become a law. We can allow for big businesses like petroleum but for spinoffs they must be left to Papua New Guineans. I believe this is how we are going to really make the policies for international trade work for Papua New Guineans.

Finally, Mr Acting Speaker, why are we allowing ourselves to be misled by people who come into this country with irrelevant policies and advice? We keep falling into this trap over and over again. For example, we say free up the land for business and commerce but I ask what land is not free that we want to free?

All land in this country are owned by customary landowners. Is there a land in bondage? Is there a land that is not fixed for business? No, we have been misled. Let us turn around and look at it the opposite way.

Papua New Guineans are wealthy and rich because we have land. The indigenous people own the land because it is there right and an asset that we have. The Government cannot dish out cash to every Papua New Guinean to do business or SME or participate in the trade of an integrated economy but we have inherited our land.

Let us look at our people owning the land in partnership to develop business on. The advice that we have been getting to come up with these kind of policy to free up the land came from people who have migrated to another country. They are not indigenous people of that particular country. These are countries that had people migrating to them over hundreds of years and I will not name them. Those migrants are the people settling there and calling themselves citizens of that country. These immigrants did not come from the same part of the world, tribe or clan but all over the world.

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For instance, the immigrants that came from Europe came from France, Ireland, Iceland, Germany, Scotland, England and et cetera. So, they came and settled in an area and called it a new country for themselves.

Now, what did they do then? Because their new country already had indigenous people already occupying the country, they then decided to put all the land under the control of the State. Because the immigrants came from different parts of Europe and for their security all the land came under the State to regulate and safeguard.

Nevertheless, as for our people we are not immigrants like them because we are indigenous people to our own country. Then why are we letting other people influence the way we think. The Opposition's point of view is that, we would remove the Free-up the Land Policy and make it into a Land Development Partnership Policy.

Our people must not think that, for example, if some of them customarily own the land Lae City is built on and that our decisions it may result in frustrations and protests but we will generate money Therefore, we need to put in some strategies to empower our landowners.

A good example is Mt Hagen. The people of the Moge and Jiga tribe, many of them sleep at the Kagamuga Airport. Now, 50 years ago when these two tribes had one forefather a decision was made and now the descendants are so many. Therefore, they are now displaced people on their own land.

Nevertheless, the Government and Parliament must not take this as an advantage and say that services are being provided so the people must not complain. A similar issue is also experienced by the people of Goroka Town. Because the people have nowhere to go, they just sleep around anywhere in the town, thus, creating more problems. Look at the Motu-Koitabuans, they also face a similar dilemma because their population is growing. Therefore, there must be a strategy that Parliament has to boldly devise where our landowners must be in partnership in the development processes in this country.

Mr Acting Speaker, if we do not carry out these four steps, I believe that bulldozing international trade, the integration and free marketing concepts into Papua New Guinea will result in a future where our people will become displaced from this globalisation process. This is because only the fittest will survive in business and our people, with due respect to them, we have to make them fit by skills, create industries to empower, employ them and create more innovations and technologies. We must empower SMEs but we have to strategize properly what businesses will belong to Papua New Guineans, for partnerships and what we can only give to those investors that come in.

We cannot mix investors and Papua New Guineans. And finally, land partnership is the way to go and not Free Up the Land Policy. This gives a completely a wrong perception. We are not immigrants. We are indigenous people and if you really want to look at empowering the people to wealth then this is the way. If we keep going around and around we will not make it. Let us not look at money or business or any other things. Let us look at the person, the Papua New Guinean. How do you empower that Papua New Guinean to benefit from these policies? The way forward therefore, is where the Opposition's positions are.

These are what we believe in and we would like to change some of these mentalities. We are indigenous people and we would like to be in partnership with those that come to develop and not allow our already displaced people to continue to suffer. The people must participate and that is the true meaning of development.

Thank you, Mr Acting Speaker.

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MOTION BY LEAVE

Mr JAMES MARAPE (Tari-Pori – Minister for Finance) – I ask leave of the Parliament to move a motion without notice.

Leave granted.

LEAVE OF ABSENCE

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

That a Leave of Absence be granted to the Minister for Transport and Infrastructure, Honourable Nixon Duban on the ground of ill health for the duration of this Parliament Meeting.

MOTION BY LEAVE

Mr JAMES MARAPE (Tari-Pori – Minister for Finance) – I ask leave of the Parliament to move a motion without notice.

Leave granted.

LEAVE OF ABSENCE

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

That a Leave of Absence be granted to the Governor for New Ireland, Honourable Sir Julius Chan on the ground of ill health for the duration of this Parliament Meeting.

MOTION BY LEAVE

Mr JAMES MARAPE (Tari-Pori – Minister for Finance) – I ask leave of the Parliament to move a motion without notice.

Leave granted.

SPECIAL ADJOURNMENT

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

That Parliament at its rising, adjourn until Tuesday 29 March 2016 at 2 p.m..

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 12.50 p.m..