

THIRD DAY

Thursday 27 October 2016

DRAFT HANSARD

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THIRD DAY

Thursday 27 October 2016

The Deputy Speaker (**Mr Aide Ganasi**) took the Chair at 10 a.m.

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

Sitting Suspended.

The Deputy Speaker again took the Chair at 10.30 am, and invited the Member for Nuku, **Honourable Joe Sungi**, to say Prayers:

‘Heavenly Father once again as we come before this Parliament this morning, we acknowledged your sovereign protections and guidance and invite you as we are about to proceed into the programs of our Parliament, we would like to commit all of us from the Prime Minister to the Opposition leader, Cabinet members and all the members of the Parliament and also our people of Papua New Guinea. Father, in your own word when ask Solomon to grant him favour because of his father David, Solomon did not asked for money but Solomon asked for wisdom. Likewise this morning father, we come before your throne and ask for your wisdom. The economy may not be good for this country or the world, but you can intervene through your graces, intervention through the Prime Minister and this Government as we have seen through your hands through this period of time that we had in office, that so many things have taken place physically and we acknowledged and we know that because of you these things have happened.

As we come together this morning, we would like to commit ourselves and pray for your wisdom, your understanding in all of us so that we can manage the wealth of the nation that you have blessed us with. Amen’

QUESTIONS

Attack on Electoral Officials - Mendi

Mr WILLIAM SAMB – I would like to ask a question to the Prime Minister on an incident in Mendi regarding the attack on the electoral officials. This is in connection to the question raised by the honourable Member for Rabaul during this session of Parliament.

Can the Prime Minister confirm that the dissatisfaction in Mendi is the result of appointments done contrary to recommendations from Electoral Commission, thank you?

Mr PETER O'NEILL – I thank the Member for Goilala for this very important question.

Again, Mr Deputy Speaker, let me stress that the Electoral Commissions office is an independent constitutional office. We have no visibility on the recommendations or what names were proposed to the Commissioner for his appointment of Election managers and Returning officers all throughout the country.

Mr Deputy Speaker, I will ask the Electoral Commissioner to furnish the Government report and off-course I can make that available to the Honourable Member as I have received answers from the Electoral Commissioner himself. But one thing is very certain, Mr Deputy Speaker, that the decisions of the Electoral Commissioner must be respected, his decision is final, cannot be appealed and cannot be over-turned by Government. We have no right to interfere with his decisions. We can only express our dissatisfaction, express our concerns to the Electoral Commissioner and in his wisdom if he thinks that those concerns are unwarranted or warranted, he will make a determination from that and we all must learn to respect the decisions that he has made. Of course we all want a fair and free elections. These sort of incidents must not be allowed to happen in the country where Electoral officers are assaulted, that is unnecessary. There are many other ways that we can express our grievances. That is that they should write formally to the Electoral Commissioner and outline why they have been aggrieved by his decisions so that we can find an amicable way forward and of course the decision of the Electoral Commissioner remains final.

02/03

IMF Cost Assessment - APEC

Dr ALLAN MARAT – Thank you, Mr Deputy Speaker. I have three questions and I am directing them to the Prime Minister and seek the attention of the Treasurer.

The three questions relate the to the International Monetary Fund's assessment of the cost of the APEC Conference.

Mr Deputy Speaker, the International Monetary Fund, in its most recent *Article Four Report* placed the cost of the APEC Summit at K3 billion which, it says will be financed largely by debt.

That *Article Four Report* followed bilateral discussions between the International Monetary Fund and the Government of Papua New Guinea. And the International Monetary Fund is seen worldwide as a source of accurate and professionally informed reports.

Mr Deputy Speaker, the K3 billion in the three years before APEC is approximately seven per cent of government expenditure. This seven per cent is spent when core services are slashed and close to half a billion kina needs to be found to finance the 2017 General Election.

The 2016 Budget has pushed debt figures past the legislated debt limit of 35 per cent of GDP. The Budget tells half the story. The balance sheets of state-owned enterprises of budget loans and outstanding obligations to government superannuation funds should be included in overall public debt.

Mr DEPUTY SPEAKER – Ask your question!

Mr ALLAN MARAT – My questions are:

(1) Does the Prime Minister accept the International Monetary Fund's statement in its *Article Four* as an accurate report of bilateral consultations?

(2) Does the Prime Minister accept the International Monetary Fund's assessment of K3 billion as projected cost of APEC?

(3) Is this seven per cent of government expenditure at a time when core services such as health are being slashed?

Mr PETER O'NEILL – Thank you, Mr Deputy Speaker and I thank the honourable Member of Rabaul for his questions.

Again, Mr Deputy Speaker, let me stress here very carefully. The amounts that have been mentioned by IMF of K3 billion is utterly rubbish, inaccurate and not true.

How can you spend K3 billion when the country has only K12 billion budget every year? Almost 25 to 30 per cent of the entire budget is spent on one item? It's nonsense, Mr Speaker. Absolutely incorrect.

The budgets reflect, every time this Parliament approves how much we spend on APEC. Last year's budget reflected that, this year's budget reflected that and next year's budget, which will be presented in Parliament next week, and in it you will see whether we are spending K3 billion or how much?

Mr Speaker, we are not silly. We know what we can afford and what we cannot afford.

Mr Speaker, I want to stress very clearly that this misleading kind of statements are just going to create unnecessary debates which are based on, not facts but some innuendoes that this is the sort of figure that we will spend on APEC.

Mr Speaker, the K120 million that we are spending on the APEC House is the only major expenditure that we are putting through, the rest is about hosting meetings. And we are hosting meetings in East New Britain, we hosted meetings in Madang and in Goroka so that the rest of Papua New Guinea can also be able to have the APEC experience and, of course, an opportunity for us to showcase our country to our visitors who are going to come into our country.

Mr Deputy Speaker, finally, on his final question about whether we are cutting expenditure to core services. Again, this is not true. This government has always stated very clearly, we will protect free education, we will protect free health care, we will continue to invest in improving infrastructure, roads, bridges and airports all throughout the country. Those core services are going to be continued to be maintained in the Budget coming in 2017.

Mr Deputy Speaker, let the Budget come down then the good Member of Rabaul can be able to understand how much we are spending on APEC and APEC is not going to consume that kind of money.

Mr Deputy Speaker, that, I can guarantee.

Closure of Plywood Mill - Oro

Mr DAVID ARORE – Thank you, Mr Deputy Speaker. My question is directed to the Minister for Forest.

I'd like to thank the O'Neill-Dion Government and the Forest Minister for a job well done and to continually doing a good job in that particular sector in the country. So, I'd like to commend you, especially in dealing with our people's LEDL Funds, I am grateful and say, thank you to the Minister for that.

03/03

Is the Minister aware that in the last two months, Oro Wood is one of the only two downstream processing factories in the country and it produces plywood? That is the only

industry I have in my electorate. It has been closed in the last two months and as a result, over 1000 people have lost their jobs and the province is suffering because we don't have any timber. We are using chainsaws to cut the timber and even with our DSIP Projects, we are using chainsaws to actually cut timber for our projects.

My questions are;

(1) Is the Minister aware that this particular Plywood Factory has been closed?

(2) Is the Minister aware that over 1000 people have lost their job in the process?

(3) What is the cause in closing that mill or factory? Is it political interference or too much disturbance or what is the problem? The mill is the only lifeline in the province so can the Minister can send an investigation team into the district to investigate the cause of the closure Oro Wood.

Thank you, Mr Deputy Speaker.

Mr DOUGLAS TOMURIESA – Thank you, Mr Deputy Speaker, I would also want to take this opportunity to thank the Member for Ijivitari for asking his questions and representing his people with regard to the timber production in his district and province.

Mr Deputy Speaker, this issue surfaced about six months ago and yes we have dispatched our officers to Oro to make certain that this very vital industry does not come to a standstill, having done this we got the Board to look at all the reviews to make certain that Oro Wood does not shut down.

However, Mr Deputy Speaker, after reviewing all the necessary licenses and documentation that needs to be done, the PFMC seems to be a stumbling block and I don't know why they continue to be a stumbling block because under the O'Neill-Dion Government our priority is to make certain that downstream processing is first.

However, for political reasons down in the province through the PFMC, the Provincial Administration and the Bureaucrats down there they continue to the stumbling blocks and the hundreds of men, women and families have been missed out on employment.

In the last week we have got the team to go down and look at the review one more time. The review has already come, we have got it scrutinised by our officers but the PFMC and the bureaucrats down there don't want to approve the review that was approved by our Board and the PFMC so we can go ahead and open up that operation down there.

Mr Speaker, I will again be consulting the Member's office as well as the Governor's office so that we can fast track the opening of that very important industry in Oro Province.

As you know in the logging industry we employ thousands and thousands of people and Oro Woods is no exception.

Thank you, Mr Speaker.

K200 million Housing Scheme

Mr JOHN SIMON – Thank you, Mr Deputy Speaker. My question is directed to the Prime Minister.

Mr Deputy Speaker, sometime early this year the government allocated K200 million for the Housing Scheme for the first-time home buyers and to date I have not heard one from BSP whether they are using that money that the government has allocated to them. I will just give an example, I have visited that Duran Farm, National Housing Project, and there is a lot of interest for the first time home buyers but the bank are not lending and the government allocated K200 million to provide guarantee for any loan that first-time home buyers are wanting to buy. So, why is the bank not willing to take the risk when that money is there? If they are going to continue to do that can the Prime Minister ask the BSP bank to withdraw that money and put it into another bank that can help Papua New Guineans instead of the money sitting in there and the bank is making interest out of that money and they are not even assisting Papua New Guineans.

Thank you, Mr Speaker.

Mr PETER O'NEILL – Thank you, Mr Deputy Speaker, and I thank the Member for Maprik on the Housing Project.

Mr Deputy Speaker, our government has parked away almost K200 million, only because BSP is the only bank willing to participate in the Housing Scheme that the Government has proposed. The Government has proposed to them to limit the interest rates to a fixed, not variable, but fixed percent of 4 percent and the loan term, rather than giving five years or ten years to repay we said that we wanted 40 years repayment for borrowers who are first-home buyers in the country.

Mr Deputy Speaker, we did that deliberately because we want to make it affordable for Papua New Guineans to repay the loan because sometimes when we borrow money for five years or seven years you will find that the repayments are too high and our salaries and the money that we earn is not enough to repay that loan.

04/03

Mr Deputy Speaker, today let me say that BSP and our officials have advised me that almost 6000 Papua New Guineans have already participated in the program and have borrowed money whether they are Public Servants or private citizens but these are first home buyers. Three or four years ago these people didn't have houses but today at least thank you to our Government's intervention, there are six thousand or so families around the country starting to own and live in these houses.

I am also informed that now there are three thousand or more applicants pending because of lack of availability of land. In some places, there are no titles as the case in Duran Farm. I think only one thousand titles have been issued from what I understand and they have yet to issue another five or six thousand titles where Papua New Guineans can use that to go and borrow money because they can guarantee their security.

But the main aim about this is to try and make housing cheaper and you will see in some of the cities in the country that we are having housing boom where constructions are taking place. This is because of our Government's direct intervention in parking the K200 million in the bank which is providing easy access to lending.

Mr Deputy Speaker, we have many housing schemes taking place in the city like one close to the airport, at Gerehu and other parts of the city. Therefore, I urge all Papua New Guineans who have some disposable income to go and give priority to your family by getting a house and a roof over your heads rather than buying new cars and things that will not help improve the quality of the lives of our families. Housing must be our number one priority and I urge all our Members and especially the good Member to please utilise this opportunity and ask the Duran Farm and the Department of Lands to give titles to every individual.

I have been discussing this matter with the Minister for Lands encouraging that a surveyor must go out there rather than giving deal to one individual owning thousands of hectares of land. We should look at giving residential titles so that every Papua New Guinean can have access to a title that they can use to go and borrow money and build their own houses. This will transform the housing scheme in the country and we must continue to support it.

Mr Deputy Speaker, we are now negotiating with the other two banks; Westpac and ANZ, but the terms that we are offering are not attractive to them and they have not been willing to come on board but the discussions are still continuing and we are encouraging

them to participate in this scheme where the Government can park money in their banks as well to lend it to the Papua New Guineans with a repayment schedule of 40 years.

This is a good scheme because you can transfer that housing loan to your family. If your father or mother who are the applicants and who own the home move onto their next life then they can transfer it to their children. This will enable families to have a home at all times and that is the aim of our Government and we are working together with BSP on this.

Thank you, Mr Deputy Speaker.

UBS Loan

Mr KERENGA KUA – Thank you, Mr Deputy Speaker, I have seven questions on the UBS Loan issue and I direct it to the Prime Minister and if he could kindly give us short accurate answers to clarify the status of this loan.

We know that this loan consist of two components; first part is a bridge loan for Aus\$64 million and the second part is a loan for –

Mr James Marape – Point of Order! Mr Deputy Speaker, with due respect to the honourable Member for Sinasina-Yongomugl, I think the matter is before the court. The Leader of the Opposition has taken this matter to court and it is yet to come to its conclusion.

Mr KERENGA KUA – Mr Deputy Speaker, I am not going to ask about the merits of the loan but I am trying to ask about the status of the implementation which is in progress now.

Mr DEPUTY SPEAKER – Honourable Member for Sinasina-Yonggamugl, I will not allow your questions because the matter is before the court.

Mr KERENGA KUA – Thank you, Mr Deputy Speaker.

05/03

LEDL Funds - Pomio

Mr ELIAS KAPAVORE –Thank you, Mr Deputy Speaker, I direct my questions to the Minister for Forest.

Firstly I would like to support the comments made by the Member for Ijivitari in committing the Government for the important decision that led to the release of LEDL funds to the districts.

My questions are:

(1) Can the Minister confirm and advise this honourable Parliament as to when the K88 million LEDL funds that were used to fund the 2013 Budget will be refunded or not.

(2) For the benefit of my DDA members, can the Minister clarify the process that has first led to the release of LEDL funds to the Office of my Governor recently?

(3) Can the Minister inform my people as to when we will receive some of our outstanding LEDL funds? We have facilitated towards contracting one of our roads to some of our remote communities in the District. The people in the Central in-land Pomio have not travelled by vehicle to date and we have just completed the tender process so if these funds are released soon will be of very much help to the people.

Mr DOUGLAS TOMURIESA – Thank you, Mr Deputy Speaker. I thank the Member for Pomio for doing a fantastic job for his people in this short time and I commend him for that. Having visited his District, I know he has done well and the people of Pomio are proud of him.

Mr Deputy Speaker, let me at this juncture say that the K88 million was used in 2013 in the Supplementary Budget, I had several consultations with the Prime Minister and the Treasurer and I have the assurance that the funds would be reimbursed to the LEDL account for those purposes.

However, in the past the LEDL account was not with my department, it was with the Ministry of Finance and so they did anything they wanted to do with it. That account has been transferred in the last two years, thanks to the Minister for Finance.

In his wisdom with the Secretary, they have now transferred that trust account to my department. I can say that we have a close scrutiny on this account so in the last three years since I have taken up the Ministry, we were able to payout LEDL to all the districts where logging operations is taking place.

Mr Deputy Speaker, let me mention that K88 million is backdated back to 2007. So when these funds are reimbursed we would be able to go back to 2007 to look after all operations up until today. This account is now with the Department of Forests.

Mr Deputy Speaker, since we have taken control of the account, we have made certain that all districts who are owed alluvial moneys return are given to them.

Mr Deputy Speaker, I would also like to mention that it is true that the members for both East and West New Britain provinces have released funding through the LEDL but it comes in the form of infrastructure development package for the road connecting the both provinces.

It is a vital link. It is a national highway and that missing link is now done through the Department of Forests.

I can now say we are very proud to be contributors towards the development of this nation and Department of Forests stand to be one of that great contributors.

The funds have been fit in for a while in the accounts under the infrastructure development funds for forests related development. We have used about K8 million to connect the missing link between East and West New Britain Provinces.

06/03

I have been assure by the Treasurer that there will be more LEDL funds release to us in the not distant future so as soon as those monies are made available to my Department through the LEDL trust account, we'll release more funding for logging operations in the districts.

Improper Acquisition of State Land

Mr CAMILLUS DANGMA – Thank you, Mr Speaker for giving me the opportunity to ask my questions.

My questions are directed to the Minister for Lands and this is another instant of what similar to be continuous preference by the Department of Lands for foreign companies over indigenous Papuan New Guinean companies when it comes to awarding of State lease for business purposes. The properties concerned are portions 214, 215 and 216 at Lakoki, Central Province.

Mr Deputy Speaker, a brief background on the matter is this; in 2010, half of the portions, 214 and 215 was sold to an indigenous Papua New Guinean by a group who claimed to be customary landowners. After purchasing the land from the so-called landowners, a Papua New Guinean has invested over K2.5 million to develop the property since 2013.

The improvements on the property includes a permanent residence, a workshop and other structures to accommodate his the construction company including plant and equipment, hire cars, taxi service and river training works to stop flooding from the area, which is a very expensive exercise.

However, in June 2014, portions 214, 215, 216 were advertised for public tender. Obviously this meant that the concerned land was actually State land. Considering the amount of money he had already spend on the property including the purchase of the land from the so-called landowners, the Papua New Guinean businessman had the little choice but to make things proper by also applying for the land.

On the 21st March 2016, the Land Board made the decision to award all three portions of land to a foreign company call Sino Ocean Investment Limited as the first choice or preferred lease without offering the first right of refusal to the Papua New Guinea who was already occupying and operating his business on the land.

Company extracts from IPA reveals that Sino Ocean Investment Limited has two directors who were both Chinese citizens and do not as yet have a company that is effectively operating in PNG. Records also show that Sino Ocean Investment Limited was registered in early 2016.

Note that the tender bids for the three portions of land were closed in June 2014, clearly there is something wrong when a company registered in 2016 got in to get this awarded.

Whilst the decision of the board is being appealed, can the Minister answer my series of questions and give some reassurance to Parliament and the people of this country that something is being done or will be done to curb many instances of foreigners taking over lease of limited government land while capable Papua New Guinean businessman and women who apply for the same land and are either completely left out or given second or third preferences as in this case here.

My series of question as follows:

(1) Can the Minister explain and justify how and why a foreign company only registered in 2016 and has never before operated in PNG was allowed to be considered in the tender for the three portions of land and especially when the tender was closed in June 2014?

(2) Can the Minister explain and justify why the foreign company has been preferred over a genuine Papua New Guinea businessman who was already established and operating his business on the property?

(3) Is the Department of lands required to carry out site inspection of the State lands before advertising their availability for lease?

(4) Can the Minister immediately step in and initiate an investigation into the manner, process or criteria used by the Lands Board to determine the successful bidder?

(5) If the Department of Lands and Land Board is indeed found to have abused or neglected to exercise their powers responsibly and correctly, can the Minister for Lands use any strategic powers that may be available to him to rescind the decision of the Board and give first preference to genuine Papua New Guinean businessman who has already spent so much time, money and effort to develop the land concerned?

07/03

Mr BENNY ALLAN – I thank the Member for his questions. Before I answer his questions, let me commend my department.

Firstly, I assumed office in 2012. This Government for the first time has made some progress in cleaning up the Department. I know there are certain officers within the Department and also the Land Board continues to do something that we all do not want. We have to date sacked or suspended eight senior officers. The last officer to be suspended is the Land Board executive officer who sorts out all applications and submits them to the Land Board. He was involved in some of the allegations that were raised by clients and also on the Floor of Parliament as well as in NEC. He has now been suspended. The current Land Board has also been suspended by NEC.

This Government is really serious about cleaning up that Department. We all know it is so rooted and corrupt but as the Minister responsible, I am happy to inform Parliament that it is making some progress in the right path which is a step forward in cleaning up the mess.

With regard to your question, it is a sad case where one applicant is given three portions of land. If the tender was called in 2014 then, it would have been too long for the board to deliberate on something that long. This is 2016 and it would be after two years and this is too long so I will need to check on that. But three portions of land given to one applicant is something that needs to be investigated. As the Minister responsible, I am not happy to see the board giving one applicant three portions of land.

We have to also be wary with some who claim to be landowners around Port Moresby. They are claiming to be landowners over state land and we have to be careful. We

have to double check with the Department before we go and purchase any land within the vicinity of NCD and also around the country.

Mr Deputy Speaker, I will ask the Department to look into these three portions of land and take necessary steps and appropriate action on the decision that the Land Board has made to grant title to the same person. However, the *Land Act 1996* is such that it does not specify or give requirements where it restricts Papua New Guineans or foreigners from applying. It is open to everybody.

For example, you can register a company last week and today you can apply if the tender is called. There is no restriction under the *Land Act* to stop someone from applying even if he registers his company under IPA a week ago. That is one area that we are looking at and address so that we do not have similar problems in the near future.

What I will do is; I will see if the concerned applicant who was overlooked in the Land Board, has applied through the normal processes so we can try and assist him.

08/03

And at least give him the portion of land that he has already developed. He is a Papua New Guinean and I have been always advocating that Papua New Guineans must be given a fair opportunity, we must not always be spectators on our land and if there is an opportunity for Papua New Guineans give it to them so they can participate fully in the development that is happening in the country.

Mr Deputy Speaker, it is a very important and serious question so I will now look into the matter and get back to the Member and also the client on what the department will do. I will assist him because that is the only power that I can have is under the appeal process and if he is coming through that process then we can assist him and address the concern raised here.

But, Mr Deputy Speaker, it is very bad for the Land Board if this true that it has given three portions of land to one applicant, this is a bad decision and Land Board should never do that. I will look into that and come back to the Member and also assist Papua New Guinean who have already developed and invested a substantial amount of money on that portion on land.

Refugee status of Asylum Seekers

Mr KERENGA KUA – Thank you, Mr Deputy Speaker. I would like to direct my question to the Foreign Affairs Minister. Yesterday he delivered a paper on the work on the

Immigration and the debate was adjourned but I would like to ask him a question on the refugee situation in Papua New Guinea. The refugee situation has been a problem in this country not because we caused it but the causes are elsewhere in other countries, many thousands or hundreds miles away and we feel the impact here in Papua New Guinea. I think that Papua New Guinea should begin to initiate some international debate about how we can cap that problem.

Mr Deputy Speaker, when I look at that issue it seems like the problem is in the definition of the word refugee. A refugee is defined to be a person that is running away from persecution in his own country of origin but it doesn't tell you how far it should run before he ceases to be under threat of that persecution. Because of that they run beyond one country, two countries and three countries and end up in Papua New Guinea for instance, thousands of miles away way beyond the range of the biggest country from which the persecution is threatened.

Mr Deputy Speaker, my view is that we should start re-talking because it is a complicated issue so if I lay a bit of background it will help me to ask the question and we can provoke discussion or debate not just here in this country but internationally. This is the position and I think the problem is with the definition of the word refugee. We should look at confining the definition of the word refugee to a point where that person has gone outside the range of the threat of persecution which means the first country he approaches or he goes outside his own country.

Mr David Arore – Ask your question.

Mr KERENGA KUA – Can the Minister consider engaging or soliciting the support of countries like Australia, New Zealand, Fiji and all the other Pacific Islands countries and together we go up to the United Nations and ask that the definition of the word refugee is debated and confined so that a refugee is refugee as soon as he goes out of range of the threat of persecution which is the first country outside his own country so that beyond that he does not become an international scourge, use the refugee issue to become an economic refugee looking for a better quality of life rather than being a genuine refugee.

So, I think that the Minister should be asked to start the process of discussion with the view to go into the United Nations and asking that they be a limit placed to the term refugee. So your refugee status is extinguished once you go beyond the first country outside your

border. If you go to the second or third country you are no longer a refugee being persecuted but you are an economic refugee escaping poverty and that is none of the concern of the international community, it's a domestic obligation for their country of origin.

09/03

So, would he consider initiating with the support of the Pacific Island Countries so we contain the issue to the locality around the original source problem area is?

Mr RIMBINK PATO – Thank you, Mr Speaker, and I take this opportunity to thank the Honourable Member for Sinasina-Yonggamugl for a very interesting and also a very complex question.

Firstly, let say that this is an area that needs to be discussed and looked at, and what I will do is, in the course of a future statement to the Parliament I will deliver a paper having consulted my Department and relevant agencies including the United Nations to which the Honourable Member has referred to.

Having said that, however, the issue of refugees and the definition of it has changed over time. Today, as we are aware what were traditional refugees are no longer the refugees that were because the geo-politics have changed and because of what I call climate change of refugees.

Therefore, there have been changes and the classification of refugees have changed because of change of the geo-politics of the world and economic and social circumstances which are happening in and around globally. So, clearly that is an area that needs to be looked at and we cannot do it alone. We are members of the United Nations and there is an international convention which the Honourable Member would be familiar with. This would be the Vienna Convention relating to refugees and the determination of refugee status.

This may require an amendment to it and clearly in the context of the refugee re-settlement arrangement with the Commonwealth of Australia. This is an ongoing which I have had only had the opportunity to discuss with the Australian Foreign Minister and Immigration Minister in the last couple of weeks. And I have just also returned from New Zealand discussing the same issue in terms Of the problems that we are faced with, for example, how we can manage these challenges together in our region and globally in the context of the processing centre on Manus Island.

Therefore, I welcome such discussions and I would like to take up this challenge and I will deliver a detailed statement on this issue to the Parliament and I will also be in consultations with my counterparts from around the world so that Papua New Guinea can clearly play a role in this area.

Church Health Services Budget Cut

Mr DON POLYE – Thank you, Mr Deputy Speaker, I would like ask my questions to the Minister for Health but since he is not here I would therefore, like to ask the Minister for National Planning and for the Prime Minister to take note. This is because I think Planning Minister would know a bit detail about the health sector than the Prime Minister.

All Members of this Parliament, Mr Deputy Speaker, know of these extreme cuts to church agency health services in the 2016 Budget. The government also prevented any comprehensive debate in Parliament on that Budget that has now crippled the church health services which as we all know are the major supply of services to the rural areas of Papua New Guinea.

Infant and child mortalities are probably gross under reported. How do our people report that when aid posts are closed and health centres are rundown? These are statistics, Mr Deputy Speaker.

UNICEF reports that 14 thousand out of 15 thousand child deaths in the Pacific Region were in Papua New Guinea. The next statistic says that, out every one thousand child births 6 to 1 infants under five years will die.

Mr Deputy Speaker, the third statistic is, one in every 120 women die from pregnancy related complications and lifetime risk of a mother dying in pregnancy is 1 in 20.

PNG has less than 400 doctors of whom only 51 live outside of Port Moresby. Therefore, most of them are here in Port Moresby, Mr Deputy Speaker.

Deaths of women and children are largely preventable, Mr Deputy Speaker.

My questions are and if the Minister for Health is somewhere in the vicinity of the Parliament precincts can take note of them, but the Minister for Planning will answer them. Because he has got the so-called National Planning timetable pyramix that has some of these facts.

(1) How many more children have died because of the cuts to church health services in 2016?

(2) How many more mothers have died from pregnancy related courses due to the cuts in church and rural health services in 2016?

(3) As Minister, do you and your government accept the World Health Organisation's (WHO) statement that, Papua New Guinea has the world's worst health statistics in the Pacific Region?

(4) How more lives of children and mothers could be saved by allocating massive amounts of money away from the APEC Summit Meeting in 2018 if such monies were spend on health?

Mr Deputy Speaker, thank you.

Mr CAHRLES ABEL – Thank you, Mr Deputy Speaker, I thank the good Leader for the Opposition for his questions which were directed at the Health Minister.

I would like to state firstly, that the Health Minister is engaged this morning with some very important discussions relating to TB issues, which is a big concern in the country at the moment. The Prime Minister himself has spearheaded the campaign to bring awareness around the TB issue and our government is trying to give some due attention to that matter so that we can address that particular issue, Mr Deputy Speaker.

10/03

Draw attention to that particular matters so that we can that particular issue. But I acknowledged the Opposition Leaders questions in relations to particularly infant child mortality and relating it to the cuts to the church services. I made a statement previously in relation to the question. I believe the Government was concern about the cuts to the church services that occurred in the 2016 Budget and we have addressed that matter through the supplementary budget in terms of replacing those very important funds. I also emphasised strongly the Government's acknowledgements and gratitude to all the people, the health workers on the ground including the administrative workers that administer the church health services program and our continued acknowledgement of the excellent work that the churches are doing throughout the country particularly education and health. Also our moral guidance where the Government moved immediately to restore those cuts.

I also highlighted the fact that the Government has moved in recent time to improve the conditions of the church health service workers to bring them up into line with the

ordinary public servants to ensure that there was parity there and the church health workers were recognised equally with all other public servants.

Mr Deputy Speaker, we always raise this issue in relation to statistics and off-course I recently tabled the Millennium Development Goal report that updated the information that we had at hand which is also certified by the UNDP, internationally certified that brought some of these figures in relations to infant mortality and the maternal mortality and other statistics like the human development index up to 2013.

I've also stated that we've got a very important demographic and health survey underway at the moment. The demographic health survey together with the recently updated national accounts together with the recent update primary school attendance being elevated to 86 percent that will enable us through the Department of National Planning and National Statistic Office to early in 2017 release information right up to 2015 in terms of all these figures you talked about.

It's very important that we don't speculate, it's very important that we don't pluck ad hoc reports and make generalisations. This Government want to reflect accurately and fairly the outcomes of the record investments this Government is making particularly in education and health.

On record, no Government has ever invested this comprehensively, not only the magnitude but by way it has implemented it right down to individual hospitals and health services right down the line, including the upcoming Budget in funding to ward level for basic maintenance of ward aid posts. I will report these facts and figures up to 2015 based on internationally certified demographic and health survey that is underway at the moment in partnership with the UNDP.

Mr Speaker, in relation to those statistics, there has been significant increases in terms of infant mortality and maternal mortality rate, 470 out of 100 000 in 1990 to 220 out of a 100 000 in 2013. Under child mortality rate, 89 out of a 1000 in 1990 to 61.4 in 2013. Infant mortality rate 82 out of a 1000 in 1990 to 47.3 in 2013. These are the facts, Mr Deputy Speaker, there has been undisputed and significant improvements. Not to say we are prefect, we are a long way from there but our Government is providing this report to demonstrate based on facts and figures on what is actually happening.

There remain a lot to be done, but Mr Deputy Speaker, this Government is doing its very, very best to improve these very important indicators and I believe that human development index, you will see a significant increase based on the growth in the GDP, the

improvements in life expectancy and the improvements in school attendance rates throughout Papua New Guinea.

Mr Deputy Speaker, I acknowledged that we still have children dying, we have unnecessary deaths in terms of mothers in child-birth and no doubt we can save lives in pouring all our resources into the health basket but these are cross-cutting issues. We got to deal with infrastructures and education and all these things in a fair manner and that is what this Government is trying to do, thank you, Mr Deputy Speaker.

Mr Ken Fairweather – Point of Order! Mr Deputy Speaker, I apologise for coming in late.

(Members interjecting)

Mr Ken Fairweather – No hang on! I have not done anything bad yet,

(Laughter in the Chamber)

Mr Ken Fairweather – I have noticed that I was on the Notice Paper and I should have been here for that but because I missed, can I have a go now? Could I seek leave from the Parliament to allow me speak on the motion?

11/03

(Members interjecting)

Mr DEPUTY SPEAKER – I will not entertain that. Question Time has lapsed. We will go to the next item.

Mr Ken Fairweather – Point of Order! Is item 5 on Papers on the program?

**NATIONAL ECONOMIC AND FISCAL COMMISSION – COMBINED
ANNUAL REPORT, 2010-2014 – PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr PATRICK PRUAITCH (Aitape-Lumi – Minister for Treasury) – I present the following paper pursuant to statute:

Nation and Economic Fiscal Commission Combined Annual Report, 2010 – 2014.

I ask leave of the Parliament to make a statement in connection with the paper.

Leave granted.

Mr Speaker, I am pleased to present the National Economic and Fiscal Commission or in short, NEFC, annual reports for the years 2010 to 2014 including the audited financial statements.

Mr Speaker, the NEFC is an independent constitutional office established by the Constitution.

The overarching role on the NEFC is to provide advice to the government on intergovernmental financing.

Mr Deputy Speaker, according to the annual report, the vision of the NEFC is for a healthy, wealthy, wise and prosperous society for all Papua New Guineans through the fair distribution of development opportunities and economic growth no matter where they live.

Mr Deputy Speaker, the NEFC has always advocated strongly for those districts and provinces that face the most disadvantage. We all know that the cost of delivering services varies enormously throughout the country and no two districts or provinces are alike. Each faces their own challenges and limitations.

Mr Deputy Speaker, the NEFC has provided high quality evidence based advice on the funding for provinces and districts. In 2009 this led to the adoption of a new intergovernmental financing system.

Mr Deputy Speaker, the intergovernmental finance system I no longer based on the simplistic kina per head formulae. It now takes into account the cost of delivering services in that district as well as all the revenue available.

Those provinces that need more, get more and those that need less get less, hence, provinces are encouraged to deliver basic services, not only using functional grants, but also their own internal revenue.

Mr Deputy Speaker, for the first time provinces receive funding based on how much they needed. Over the last six years provinces such as Chimbu, Sandaun, Central and Milne Bay have received a significant increase in the functional grants.

In 2009 some provinces were receiving only one third of the funding that the NEFC estimated they needed to deliver basic services.

NEFC establish in 2014 that 13 provinces have the fiscal capacity to what NEFC estimated is needed to deliver basic services.

The annual reports reported increases of functional grants to provinces and districts from K250 million in 2010 to K520 million in 2014.

Mr Deputy Speaker, an equitable distribution of income and equalisation of services are embodied in the *National Goals and Directive Principles* of our *Constitution*. These are the values embodied in the *National Goals and Directive Principles* of our *Constitution*. These are the values and ideals that bind us together.

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According to the NEFC's annual report, the commission is planning to provide more advice to the government on how the distribution of all revenues can be improved to provide more equal access to basic services.

Mr Speaker, the NEFC has been working hard with other government agencies to implement some of their high priority initiatives of this Government. The NEFC has been working with the Department of Provincial and Local Government Affairs to implement the District Development Authorities.

Mr Speaker, the NEFC recently provided me with advice on the estimated costs for providing municipal services in Mt Hagen. This is valuable information that will ensure the success of the new Mt Hagen City Authority and the other city authorities.

Mr Speaker, the NEFC is focused on providing government and all people with high quality evidence based data. Each year the NEFC has done a comprehensive review of provincial government expenditure.

I am pleased to note that there has been a steady improvement. Provincial governments are spending more money on basic services like health patrols, immunisation and school inspections than ever before.

Mr Speaker, NEFC has just completed a full review of the cost of services. It revisited all the 89 districts and collected on the location of schools, aid posts and extension points. It gathered data on the cost of diesel or zoom in each district and is now able to estimate the actual cost of delivering services in each district.

Mr Speaker, the NEFC has not been able to achieve all these on its own. The NEFC has worked hard to develop strong relationships with provincial and district administrations. Each year the NEFC facilitates regional workshops bringing together provincial and district administrations, the Department of Treasury and the Department of Finance. For many officers in the provinces, this is the only opportunity that they get to speak directly to officers from Waigani.

Mr Speaker, I commend the annual reports to Parliament.

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

That the Parliament take note of the Paper.

Mr Deputy Speaker, I commend this report by the National Economic and Fiscal Commission (NEFC) presented by the Treasurer on the cost or expenditure rationalisation and optimisation in the various districts and provinces throughout the country.

Therefore, in this way you have a fair distribution of funds made available for development purposes and this is one of the core functions of the NEFC.

However, Mr Speaker, I would like to point out another function that is also very important and fundamental function of the NEFC, which I believe that we have overlooked so far.

When I was the Treasurer with the government then the Ministers for National Planning and Finance were aware that we could improve the capabilities of the NEFC not only to do this kind of optimisation or rationalisation of funds, but also do cost benefit analysis for every project that was being implemented in the country.

The cost benefit analysis is one that I think, and time and time again, the Parliament continues to deviate from. Or I think the executive governments and not just this government but other governments too have overlooked the importance of doing a cost and the related benefit to a project that we implement or that the Parliament sanctions through the executive government because the Parliament has the power to implement projects through the executive government.

These are very important and are fundamental issues and I think that Parliament must take note of this. I hope that we as a Parliament and as leaders and as a nation need to improve on this issue.

Every fund that we make budget allocations for are made from guess work, let us admit this. Even when I was the Treasurer, I had time constraints and I heard of those projects, I knew that most of them did not have any cost benefit analysis done for each of them. Nevertheless, I just put them because of people pressure or political pressure.

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For instance, the DSIP of K10 million that was given to Kandep District, there is no cost benefit analysis done to justify where it would receive more than K10 million or less than that. We have received this K10 million for our districts and we try to come up with projects to justify to that expenditure but sometimes you will find it more and other times you find it inadequate.

It also applies to the provinces and even for bigger projects like mining or PNG LNG project for instance. The State itself must do its own cost benefit analysis. To build a bridge across two provinces, there needs to be cost benefit analysis and some of those things come before controversy and disputes within the country. For instance, recently, we have been talking about the East Cape Road as against the Wau-Bulolo Road or some of these massive expenditures that we see going on in Port Moresby City as Ramu-Madang Highway or the Sepik Highway, Buluminski or Buka ring road. Only when you do a cost benefit analysis then you can see the benefits as against the costs and you will see the economic rate of return. That part of the statement comes above and the Executive Government can identify the priority area to spend money on because in the next five to 20 years, there will be good returns.

Mr Deputy Speaker, at the moment, I can admit on this Floor which I believe all the honourable Members will agree and give their consent on this that there was never a proper

cost benefit analysis done on most of the projects that this Parliament implements through the budget. Therefore, one of the jobs that the National Economic and Fiscal Commission should do and should be passed by legislation is that this body should be given more capability to look ahead of time before we allocate funds to those places where the projects are and do cost benefit analysis for them. What is the return on our investment?

For instance, the overhead bridge which some call Kookaburra while others call it the Kumul Fly-over, to be honest, I have never driven over it because I think it is a waste of money.

(Government Members interjecting)

Mr DON POLYE – There is no cost benefit analysis.

(Government Members interjecting)

Mr DEPUTY SPEAKER – Order!

Mr DON POLYE – Mr Deputy Speaker, when speaking on very truthful stuff, I always touch the Government side because they that what I am saying is true and they only smile to cover up their shame.

This so-called Kumul Fly-over, I don't want to call it Kumul because Kumul is perceived to be a very important bird in Papua New Guinea. This piece of asset that we call a fly-over, I call it an economic waste of money.

Mr Deputy Speaker, through to the Prime Minister and his team, if you had done an economic cost benefit analysis, you will find that you would know you had never delved at this piece of glamorous looking egoistic project here.

(Government Members interjecting)

Mr DON POLYE – By economic reasoning, you would have delved those bridges out there on the Markham-Madang Highway where three bridges have collapsed because of the flood or you would have allocated for the construction of the Buka ring road.

Mr Deputy Speaker, so what guides the Government or its people to prioritise the money where it is most needed is through proper cost benefit analysis and then you look at the benefits and its returns in the medium term and long term. This Parliament has failed totally because of the ignorance that we have not chart the Executive Government to doing their jobs properly.

I have to state strongly that now is the 21st time so let us not do things on ad hoc basis, the world is watching, bring in smarter and competent people to watch this country as how the leaders behave and conduct themselves in terms of economic management and spend the people's, taxpayers and foreign development partners money to where it is needed the most.

Now, we are talking about health and education, and the Minister for National Planning Education did not respond to my questions properly, he was saying that these are cross-cutting issues and I agree but how do you know which bridge to build first, which school to build first or which project to fund first as against another. We have from time and time, wrong and wrong again.

Mr Deputy Speaker, we really need to do cost benefit analysis on these projects and I strongly say that giving a report is good but the report should also say that the functions of the National Economic and Fiscal Commission should have a special duty.

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And his duty is properly mandated under the legislation so under the law they should do cost analysis for every gas project, mining, bridge and everything other projects that come about in this country for instance, education and health and even the monies spent on DSIP program.

These must be properly costed so that we know where we have spent the money and what are the benefits? Otherwise, we will find that we did not get them right and there is no result yet millions and millions of money is spend.

I hear the government say we have no money. There are complaints from our people out there that there is no funds for health and education. The Minister for Planning was finding it very difficult to answer my question. He was beating around the bush. He was talking without facts. When I gave him statistic he could not answer.

I asked how many people died as a result of the government cutting funds to the rural health services run by the churches. He could not say how many people died or how many were saved.

Mr Deputy Speaker, the point I am raising is on the institutions of governance; those that administer the programs. They should be properly aligned and no parallel systems established. At the moment the National Economic and Fiscal Commission is one body that I see but so many others are performing his functions.

It is only made to run around, the capacity is not built but used and not doing what it is supposed to be doing.

I believe that what really calls for is that this Parliament needs to look into our management systems and the in-house issues. How is the system of governance? How is the Office of National Statistic working to collect statistics for us?

You are saying, you are spending so much money and the provinces are receiving the money. I am a Southern Highlander but when I go to Mendi town there is no work there and this in the Prime Minister's province.

Here you are telling me that the national economic and fiscal commission is spending money on Southern Highlands. You will agree with me, Mr Deputy Speaker.

Mr William Powi – Point of Order! He should not make misleading statements. During my ten years as the Governor of the Province, I have transformed that. We have a lot of challenges but we are making significant progress.

I do not come and make statements about Enga or Kandep. So you should respect the leadership on the ground. Can we remain and focus on the debate.

Mr DON POLYE – I thank my brother member for the comments. I did not mean to attack him. What I am saying is that when the report says that they are spending money on Southern Highlands, and if that money is going there, the level of good work that your Honourable Governor achieved would be doubled or tripled. What is happening now is that only minimal because the actual work that is supposed to be done by the National Economic and Fiscal Commission is not done properly.

If we lie about those real issues on the ground, which is the point I raised, Southern Highlands is a very important point because I made observations and I agree that the Governor is doing some good work.

Kandep is there and there are good road works because of his hard work and mine as well. So we have joint services there.

So, Mr Deputy Speaker, it is important for us to start working like the 21st century leaders rather than working on ad hoc basis. Crisis Management style leadership has been going on for many years so now is the time to change. Thank you.

Mr CHARLES ABEL (Alotau – Minister for Planning) – I would like to make few short comments in regard to the tabling of this important report by the Treasurer and I commend him for the good work he is doing in supporting such institution.

Rather than cheap political point scoring, I just want to take this opportunity to emphasise how important this organisation is and they are doing a very important work, in terms of building the data and the evidenced information. We need to fill the gap to ensure that the services are delivered on the cost of living.

Each province is different as we know. We also know that what has suffered over the years in terms of government services relates to the on-going recurrent expenditure and the maintenance aspect of the important programs that we do.

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Mr Deputy Speaker, so it is virtual that we suppose institution and the important work they trans into the Kinas that goes that go down to Provincial Government to maintain the basic Education and Health Services, so why we provide the capital branch important programmes such as SIP for example in building Elementary and Air Post for the first time in many of our wards restoring the health centres and so on, it is critically that we provide the supporting and the functioning infrastructure behind it.

So the maintained of important capital structures are continue, and this assets are sustainable that we continue to invests and build national frame work, everyone have responsible to look after every different expects of the frame work and the Budgeting process is evidence base in terms of the functional and supporting money that goes to those agency to maintain the infrastructures. And that is the evidence base information that the any FEC is doing.

And, so I commend the treasure and the reminders all how important is to support the any FECs together with the National Statistical Office and all the other important reporting elements of the government frame work, sure as things are evidence base and budgeting process is guiding evidence base.

That is what our government is doing and over the years we will establish the capital base, the roads are putting in certain standard, the capital budget will move more to maintain to good solid recurrent base, so those infrastructures are maintain in a good form.

The happen in previous times, this infrastructures has always run down.so for example we will build the road and it will be neglected for next four five ten years.

And will come later to rebuilding the road again, the important work that the FEC is providing us is what its ongoing annual funding that is required to the different agency like, Works, Provincial Government, our Districts and Local Level Government to maintain the infrastructures.

So, let this reports just brief through without due notice and attention congratulation as I say that we note the good work the NEFC is doing.

Mr Speaker, and our Government is committed to rebuilding this institution so the process of the government managed properly based on evidence and strong data justification.

Mr Deputy Speaker, I commend the Treasure and the good work the NEFC is doing, and I think they continue more support from us as we build up important situations that the government to provide the bases for the good governors. Thank you.

Mr JOSEPH LELANG (Kandrian-Gloucester) – Mr Deputy Speaker, I just want to join this debate, firstly by congratulating the Treasure for presenting the report of the NEFC and I just want to basically by pointing out that in each of electoral which we comes from electoral in the country, and some of us we come from electoral that are very remote rural and isolated, and the cost of service delivery in those electoral, particular like mind? In Kandrian Gloucester is very high compact to many other electoral are urban base or in the cities.

That's why, I 'm very happy that the report that any NEFC base on the inspections are done, I hope that the recommendation are attended too.

I just want to say by basically setting some example that the cost of fuel in Kandrian-Gloucester is about K6.50 kina per litre, and that's very high when you compete it like a place here in Port Moresby where something per litre is about only k3.00kina.

Also for example the classrooms for the electoral here in Port Moresby to build a classroom a double classroom, all you gone is that get a truck and go to one of the many hardware houses here in the city.

Get your materials week or two you have a double classroom for the children or for the school, well in Kandrian-Gloucester is very difficultly to delivery that particular service or building, because we have to go Lae or Kokopo and we have to paid the cost of freight with sometimes K60 000 or K70 000 just to build one single classroom back to Kandrian and then we have to set it up.

So it's very hard, I am just saying this is an example that this particular report is very important and I think I states the kind of situation that is over facts....

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It is basically the kind of situation that each of us face in trying to address the concern of our people. This also builds into the cost of the overall structure of each of our electorate food and many other items in those areas. Some of the initiatives that we have looked at for example, I am also funding a biodiesel project so that we use copra as the primary input into the production of biodiesel to use in our generators to power our district or our vehicles and heavy equipment.

In this particular project we have a cost benefit analysis using 8 percent value. We have also establish the interest of internal rate of return on that project and the profile of the viability of the project is based on the initial capital, investment, and the operational cost, including the future benefit streams that will come out of the project using a discounted factor interest of 12 percent which represents that opportunity costs of capital in Papua New Guinea.

I want to assure the Opposition Leader that there are some of us in this Parliament who are competent economists. We have undertaken those cost benefit analysis to actually establish the basis upon which we use cash resources to fund these projects among many competing uses of those funds.

I just want to reassure the Opposition Leader and restrain him from making statements like "you are economically illiterate leaders in Parliament." I think I am a competent economist in this Parliament and coming from an engineer, I feel insulted.

Mr Deputy Speaker, in 2013 the NEFC produced a report and in that report addressing some of the questions relating to the revenue that is generated by each provinces particularly by the provincial governments.

The big question here is; how long will we provinces continue to depend on the National Government for handouts? When are we going to start making our own internal

revenue and become independent? So that we free ourselves from continually looking for where money is going to come from and as a result our services are falling. If something is wrong here with our cash flow at the National Government level we all feel it throughout the country and it affects service delivery.

I think this is a very big issue that came out of the 2013 NEFC Report and it showed that based on the statistics in that report that only less than 10 provinces have raised their internal revenue over K10 million.

Mr Deputy Speaker, I believe that this is an important report and we need to look at it. We in the provinces must look at our internal revenue and address many of those concerns. In my area for example, aid posts are really falling apart. There are no health workers there and so I am trying my best to go into maintenance of those assets. My problem is what is the role of the provincial government? Some may be working but others are just there to write up claims and claim money day-in day-out. I do not know what agenda they have for our electorates.

I really appreciate the report by the Treasurer which is detailed and gives a lot of insight to many things. I hope that we can pay some attention to it and hopefully we can move forward addressing some of those critical issues.

Debate (on the motion by **Mr James Marape**) adjourned.

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 12.30 p.m..