

NINTH DAY

Tuesday 8 November 2016

DRAFT HANSARD

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NINTH DAY

Tuesday 8 November 2016

The Assistant Speaker (**Mr John Simon**) took the Chair at 10 a.m..

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

Sitting suspended.

The Assistant Speaker again took the Chair at 10.55 a.m., and invited the Member for Chuave, **Honourable Wera Mori**, to say Prayers.

‘Papa God anutu. Yu bikpela olgeta. Yu tok na yu mekim na mipela istap. We thank you for your love and care and we thank you for this mighty nation that you have given us.

We thank you oh God that mipela ken ikam na kolim nem bilong yu na tok tenkyu long fridom mipela enjoim bilong wanem yu lavim mipela and you gave your son to die for us while we were still yet sinners.

We thank you oh God papa for the privilege that you have given us to be elected and to represent the 8 million plus people of this beautiful and great nation. We pray for the Prime Minister and his Deputy and his ministers in Cabinet.

We also pray for the Leader of the Opposition and the members of the Opposition. We pray for your wisdom and love.

Oh God we come before you and submit ourselves to your guidance and leadership and deliverance. Lord we come here today and we honour you and we pray this prayer in the mightiest name of your Lord and we pray that prayer that your son taught us. Amen.’

**DEATH OF ACTING SPEAKER (MR AIDE GANASI) –
STATEMENT BY THE ASSISTANT SPEAKER**

Mr ASSISTANT SPEAKER – Honourable Members, I wish to inform Parliament this morning of the death of Honourable Aide Ganasi, Acting Speaker of National Parliament this morning.

As a mark of respect to the memory of the late Acting Speaker, I invite all Honourable Members to rise in their places.

All Honourable Members present stood in their places and observed a minute of silence in the memory of the Late Acting Speaker.

I thank the Parliament.

Mr PETER O'NEILL (Ialibu-Pangia – Prime Minister) – Thank you Mr Assistant Speaker, we too, with sadness received the word this morning of the passing of the Honourable Aide Ganasi, Deputy Speaker of this Parliament and Honourable Member for South Fly.

Mr Assistant Speaker, to the late Member's family and the people of South Fly, I offer on behalf of our Government, our party and our people our condolences and sympathies to them.

Mr Assistant Speaker, the leader is a Member of this Honourable House who has served with great distinction and great honour. Therefore, death of a sitting Member is always a sad occasion for this Parliament.

Today we lost a colleague and a friend. The late Deputy Speaker has a lot to be proud off. The achievements that he has attained during his term as a Member of this Honourable House, representing one of the most challenging electorates in our country.

As we know, Western Province has great potential with many difficulties. The late Member for South Fly worked tirelessly for his people. He delivered many services to remote areas of this electorate.

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He expanded education and health services trying to improve the delivery of basic services in his district.

Mr Assistant Speaker, while we mourn the death of the Deputy Speaker, the people of South Fly can look around them and see the hard work that he has put in his electorate as a Member of Parliament.

Only a few weeks ago, Mr Assistant Speaker, he was very proud of some of the work that he had done when he briefed the Government especially the proud achievement of the reforms and renovations in Daru High School.

I can commit that our Government will continue to support the work of his electorate that he has begun and ensure that the people of South Fly continue to receive the services they truly deserve.

We are all proud to have served with him in this Parliament Mr Assistant Speaker and again we extend our condolences and sympathies to the family and the people South Fly of our late Deputy Speaker in their time of grief.

Mr Assistant Speaker, I also wish to apologise to our children who are here with us today in this Honourable House that in memory and in respect to the late Deputy Speaker we will be adjourning the morning session early so that we can come back in the afternoon for the budget session. Thank you.

Mr PATRICK PRUAITCH (Aitape-Lumi – Minister for Treasury) – Thank you, Mr Assistant Speaker, I, too, join the Prime Minister on behalf of my family, my Party of National Alliance and the people of Aitape-Lumi in extending our condolences to the people of South Fly.

Mr Assistant Speaker, when the late Member got into Parliament, it was not an easy task. He went through some rough times. He was suspended from being a Member of Parliament and went through by-election. But the man of strong character like him stood out and got back into Parliament. That demonstrates his genuineness in representing the people of South Fly. It is a loss to our Parliament and our country.

Mr Assistant Speaker, as a first time Member he was always aggressive in his approach to delivering the services to our people and credit must go to the late Member.

It is certainly a loss to our country and we hope that there will be an adequate replacement in due course.

Mr Assistant Speaker, on behalf of the people of Sandaun Province because we share the border with Western Province, we sincerely convey our condolences to his immediate family, the people of South Fly and Western Province.

Mr WILLIAM DUMA (Hagen – Minister for Public Enterprises and State Investment) – Thank you, Mr Assistant Speaker, I also rise to join the Prime Minister and my colleagues in expressing condolences on behalf of the people that I represent to the people of South Fly for the untimely loss of a leader who was elected not long ago to represent his people.

I knew the late Aide Ganasi when he was an army officer serving in Murray Barracks. He ultimately reached the rank of major in the army before he resigned to represent his people.

Mr Assistant Speaker, unlike some of us, the electorate that he represents was one of the most difficult and geographically diverse and larger than other electorates. His electorate can be divided into two or more but given the limited resources he did his best to provide development for his people.

As a military man, a yes was a yes and a no was a no. In all his dealings he was straight forward person. I know he tried his very best given the time to serve his people. His untimely loss is a real loss to the people of this country.

Mr Assistant Speaker, we do need leaders who are disciplined and well trained and he was one of those who was able to enter this Parliament. I really feel for his immediate family as well as the people in his electorate who had high hopes for him to deliver the services.

We know that God gives and takes so we can only take this opportunity to thank God for allowing such a man to serve in this Chamber.

On behalf of my family, I convey my condolences to the late Aide Ganasi and his family. Thank you.

Mr BEN MICAH (Kavieng) – Thank you, Mr Assistant Speaker. I, too, on behalf of my family and as the leader of the People's Progress Party and the people of Kavieng, join the Prime Minister, the Treasurer and Leader of National Alliance, and Minister for State Enterprise and the Leader of United Resource Party in conveying my condolences to the family and people of South Fly on the passing of the Late Honourable Acting Speaker.

03/09

When one of us die, we all feel the pain and the loss where somebody who was with us in that Chair just yesterday, has left us all of a sudden. It reminds us all of how cruel death is and how unpredictable it can be.

I think this is an opportune time for us to reflect on how we can manage our lives spiritually, physically and mentally in order to ensure that the stress and pressure associated with leadership roles should not result in such an unfortunate situation where one of our respected leaders just left us suddenly as was the case this morning.

In addition to that, I hope that the Prime Minister and the Parliamentary Service should consider ways in which leaders can be accorded special attention, especially in this kind of situation.

I spoke to the people at the hospital as I was coming in, Mr Assistant Speaker and they said that he died because he was caught up in traffic and when he arrived at the hospital, he was already dead and was pronounced Death-on-Arrival.

I think we must look seriously at the importance and value of the lives of us, leaders. Our people criticise us, defame us and smear our names but little do they realise that when one of us go, the whole value system of knowledge and experience about government, about leadership goes away and therefore, the value of leadership diminishes every time one of us go.

I think beyond the politics of that side and this side, and partisan politicking, he was the person who sat on that Chair and guided our debates. He has just left us without any warning whatsoever. I think we have to seriously consider putting our partisan politics aside and carefully consider ways to preserve our lives and come up with some ways. I don't know what methods to apply but honourable Prime Minister, you are our Chief Executive in Government and I am of the view that we should seriously look at ways to address this.

Many of us are dying needlessly because we are not able to afford it. We are just treated like every other person going to the same type of hospitals that require everybody to line up or queue up and like everybody else, go through the same traffic jams along the roads and in the process, a great leader loses his life.

I am appealing to the Chair to in your capacity as the person in charge of our work and our remuneration for Parliament to seriously look at these kind of issues and seek ways as to how we can improve them.

It is a very sad situation that he was not just any Member of Parliament but in the absence of the Speaker, he was presiding over our discussions on Friday and all through last week left us just like that.

So, once again, on behalf of the People's Progress Party, my family and the people that I represent in Kavieng, I extend our greatest sympathy and condolences to the family of the Late Member for South Fly and Deputy Speaker and his people from South Fly Electorate. On the same token, I wish to extend this condolence to you as the incumbent of his Chair and to all the staff of the Parliament, the Clerk and his officers for the loss of your superior at this point in time.

04/09

Mr BELDEN NAMAH (Vanimo-Green) - Mr Assistant Speaker, I also join the Prime Minister and the Treasurer, Minister for State Enterprises, my brother the Member for Kavieng Honourable Ben Micah in conveying my condolences on behalf of my family and the people of Vanimo- Green and Papua New Guinea Party on the passing of the Late, the Honourable Aide Ganasi, the Acting Speaker of Papua New Guinea.

Mr Assistant Speaker, I have known Late Honourable Ganasi well before he entered politics. In fact, we were serving together in the military in the Papua New Guinea Defence Force. He was a fine officer serving with the Papua New Guinea Defence Forces Engineering Battalion, he was very respectful and a man of dignity. In fact, he was one of the fine officers before his retirement.

Mr Assistant Speaker, I also observed him as a politician in this Parliament. I saw him as a fine politician and he was a very fair Speaker in most occasions. In some occasions, of course he played politics and that's the name of game. This morning, I was really sad to hear his passing. In fact, I heard it and had to check with the Prime Minister if the rumour was true and confirmed that it was true. He will be truly missed by his family and the people of North-Fly, people of Papua New Guinea and this Parliament and of course his friends who associate with him on this Floor of Parliament, we will all miss him.

I believe it is a lesson learnt for all of us as Members of Parliament to live health lives. We should exercise more often and control our diet because we are here not for ourselves for our people. They expect the best from us and also expect us to continue to serve them.

Mr Assistant Speaker, my family and I with the people of Vanimo-Green, West Sepik Province and the PNG Party wish to share the sorrow with Late Honourable Ganasi's family and may his soul rest in eternal peace. Thank you, Mr Assistant Speaker.

Mr ROY BIYAMA (Middle Fly) – Mr Assistant Speaker, on behalf of the people of Western Province and Middle Fly, I would like to say that my fellow brother and colleague served his South Fly electorate and all of Western Province well. He was a great man and he was always fighting for Western Province. As we all know, we have no Governor at this time so he fought very hard for every one of us in our Assembly here on the Floor of the Parliament as a Deputy Speaker.

I wish to convey our sympathy and heartfelt condolence to the family and the people of South Fly and all of Western Province, we have lost one of our colleague and brother. Thank you.

Mr ASSISTANT SPEAKER – Honourable Members, I wish to join our Prime Minister and our leaders to extended my condolence message from the Chair on behalf of my family and my people of Maprik to the Late Honourable Member's family and people. It is an untimely as he just came back after winning the court and when it is time to go back to election, With that I pass my greatest sympathy to his family and his people of in the electorate. Thank you.

05/09

Motion – That the question be now put – agreed to.

Sitting suspended from 11.20 a.m. to 2 p.m..

06/09

**BROADCASTING OF PARLIAMENTARY PROCEEDINGS –
STATEMENT BY THE ASSISTANT SPEAKER**

Mr ASSISTANT SPEAKER – Honourable Members, I have to inform the Parliament that the Permanent Parliamentary Committee on Broadcasting of Parliamentary Proceedings had met today and resolved that:

(a) the *National Broadcasting Corporation (NBC)* will be allowed to broadcast and telecast live the Budget Reply by the Leader of the Opposition;

(b) *EMTV* will televise live coverage of the Budget Reply by the Leader of the Opposition; and

(c) *TV Wan* will televise live coverage of the Budget Reply by the Leader of the Opposition for news purposes only.

APPROPRIATION (GENERAL PUBLIC SERVICES EXPENDITURE 2017)

BILL 2016;

APPROPRIATION (NATIONAL PARLIAMENT 2017) BILL 2016; and

APPROPRIATION (JUDICIARY SERVICES 2017) BILL 2016

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Mr DON POLYE (Kandep – Leader of the Opposition) – Thank you, Mr Assistant Speaker, before I reply to the Government’s 2017 Budget, let me on behalf of my team and the people of Kandep and the parties that we represent extend our sincere condolences and sympathies to the shocking news of the Deputy Speaker of Parliament. He was such a strong leader representing the people of South Fly and a Member of this Honourable House. He stirred and chaired the House in very challenging times. To lose a colleague at this time when the House is in session and especially when he is the chair, it is very shocking.

I would like to remember the families. I am sure the children and the people of South Fly are really bereaved at this shocking news. We pray that only God can give comfort to the family in the same way that we have lost him.

Thank you, Mr Assistant Speaker, for giving me the opportunity to share and extend my condolences to the families, the people of South Fly and the rest of the Members of Parliament.

Mr Assistant Speaker, good people of Papua New Guinea, I speak for the people. I speak for you people throughout the country. I speak on behalf of those who cannot speak on a Budget that only can wait to see an Executive Government hand down.

I speak for the O'Neill-Dion Government's Budget that has deceived the people even without them realising it. A Budget that has robbed the people whom we represent of a future!

Mr Assistant Speaker, I need to tell the Prime Minister that his budget is nothing but a scam! It is just an illusion. It will not work.

07/09

Mr Assistant Speaker, this is not a budget. The 2017 O'Neill-Dion Budget is like their 2015 and 2016 Budgets and the corresponding supplementary budget is again a hoax, a term that I used to describe the 2015 Budget in 2014.

Mr Assistant Speaker, the O'Neill Government's Budget figures and statistics have been carefully concocted and creatively presented to embellish the surface to create the illusion of delivering developmental programs for the people!

Mr Assistant Speaker, the 2015 Budget was hocus-pocus, a cleverly devised deception! The 2016 Budget was a scam, a sham that concealed the real truth about the country's economic status in 2015.

Mr Assistant Speaker, the O'Neill-Dion Government's budgets are fraudulent! The 2017 Budget is yet another scam, a deceit that only perpetuates the trend of deception that has become an entrenched chronic culture of any People's National Congress (PNC)-led government.

Mr Assistant Speaker, remember the PNC-led Government under late Sir Bill Skate that ran this Nation down into the gutter in 1988-1999, when the current PNC leader and Prime Minister Peter O'Neill was the National President of the PNC Party?

Mr Assistant Speaker, but do you realize the magnitude of destruction done by the PNC-led Government to the Nation at present and in the future?

Mr Assistant Speaker, the 2017 Budget is fraudulent and robs the people of a resilient and sustainable economy! The 2017 Budget is a high level of fraud and robbery.

Mr Assistant Speaker, I shall verify my statement, but let me with your indulgence remark on the “décor” of the trio of elitists who happily make up the O’Neill-Dion’s Government Budget house.

Mr Assistant Speaker, the Master Planner Craftsman and Builder of the O’Neill-Dion Budgets perches on his throne comfortably and confidently as his trio executioners do his carefully thought-out job. The first of the trio – the Minister for National Planning and Rural Development – deliberately deviates from the dictates of the National Vision and macro and micro economic policies and disintegrates himself into serving as the Minister Planning for Alotau only focusing on the best for Alotau, Alotau only and no other!

Mr Assistant Speaker, the Minister for Finance like the Holy Spirit in the God Trinity has transformed himself to becoming the “O’Neill Spirit” in the trio-PNC members to think and act exactly like O’Neill the Master himself.

Mr James Marape – Point of Order! The Opposition Leader knowing the Bible very well is comparing me to the Holy Spirit. I am way too low than the Holy Spirit and I ask him to choose his words correctly and don’t bring the Holy Spirit and the Holy Trinity into this debate.

Mr DON POLYE – I thought that since you brought the Bible in, we are free to speak on all these issues.

Mr Assistant Speaker, I have called my brother Minister for Finance as O’Neill’s spirit in the trio-PNC Members who think and act exactly like the Prime Minister, so they must be themselves Peter O’Neill.

No wonder the Minister for Finance argue in his grievance debate that it was wrong for the Member for Kandep to seal the Mendi-Kandep-Laiagam road but it is right for him not to upgrade and seal the Mendi-Tari-Koroba-Kopiago road even though he allows money from that area to speedily seal all economically unviable roads in the NCD.

08/09

Mr Assistant Speaker, the Treasurer is a fallen angel that can only be puppeteered but sometimes, I wonder if he is a good puppet for the master puppeteer. For example, when he handed down this fraudulent Budget last week,

Mr Peter O'Neill – Point of Order! He is using an unparliamentary word. Nobody is a puppet in this Parliament. We are all leaders in this Parliament. Can he withdraw that language?

Mr ASSISTANT SPEAKER – May I caution you to stick to the Budget reply.

Mr DON POLYE – When you run the country's economy down, we have to discuss those issues.

Mr Assistant Speaker, let me continue on the State of Economy and on brief economic analysis. The Bank of PNG reports in the Bank of PNG Monetary Policy Statement that PNG continued to experience low export commodity prices during the nine months to September 2016 which resulted in relatively low foreign exchange inflows, lower Government revenue and reduced expenditure on the development budget. Consequently, the real GDP growth forecast for 2016 by the Treasury Department was revised downwards to 2.2% from its earlier forecast of 4.3%" (Bank of PNG Monetary Statement, by the Governor of the Bank of PNG. The report was given on the 30th September 2016).

Mr Assistant Speaker, this is a profound statement, hence I have decided to quote it in full because:

- a) It describes exactly the problem that faces PNG today culminating to a cash flow crisis and a weakening economy in PNG at the present time; and
- b) It also points out as to crafting strategies that would when executed eradicate the problematic economic situation we face today.

Mr Assistant Speaker, the Government in its Budget books fails to report as to the cause of this receding GDP growth and what it intends to do to fix it? The 2017 Budget does not show any mention of how to fix it. The Government has also failed to report the economic situation in full for better understanding. We have looked through

the Budget books and statements. The information presented is very minimal. It is not in full.

Mr Assistant Speaker, the size of PNG GDP is vital information that this Honourable House must be very wary of. The O'Neill Government in highlighting only the GDP growth devoid of discussing its magnitude is just a fraction of the whole truth. The Opposition's calculation therefore is K46.4 billion the GDP size in 2016. The Opposition projects will be K47.328 billion in 2017 at 2% growth. However, using the O'Neill Government's 2016 Budget figures the size of the GDP would be at a 2.0% growth rate. The size of the 2016 economy projected by the O'Neill Government is K51.2 billion for 2016. Therefore, $2 \text{ divided by } 100 \times \text{K51.2 billion (2015)} + \text{K51.2 billion} = \text{K52.224 billion}$. Hence, the GDP size in 2017 by 2% growth will be K52.224 billion by the Government's own projections.

Mr Assistant Speaker, converting the K52.224 billion to US dollars at the current exchange rate (US\$0.3155), PNG's economy is only US\$16.48 billion today.

09/09

Mr Assistant Speaker, the Prime Minister and some of his key ministers were making serious decisions on commercial loans, borrowing and debt build up on State own entities trying to make some analogy between Papua New Guinea's economy and developed economies.

Let me dwell on some of them in comparisons, the most notable comparison they made are United State of America, Japan and China with Papua New Guinea. These comparisons are simply ridiculous and most stupidity.

Mr Assistant Speaker, the US economy is US\$18.5 trillion, it's not billion, the Chinese economy is US\$11.5 trillion and the Japanese economy is US\$4.7 trillion. For interest sake, the second largest economy in the world, the European Union stands at US\$16.5 trillion, ours is only US\$16.5 billion so we cannot compare ourselves with those economies, they are too big, Mr Assistant Speaker.

These economies also has much more efficient financial systems with larger markets, broader supply bases, they are so diversified. More diversified labour skills and more employment sectors, and more affluent adaptability to instantaneous changes. There are very mature and sustained economies with more diversified economic activities.

Mr Assistant Speaker, the O'Neill-Dion Government rhetoric of likening PNG to these affluent economies is fraudulent and misleading.

We are proud Papua New Guineans and we are progressing ourselves to definitely reach this destination. But we must not go the way of the foolish who apply wrong economic models. We must work within our affordability with inclusive growth strategies to reach our destiny. We must engage development through models that enhance our people to share the prosperity through inclusive and balance growth.

Mr Assistant Speaker, the O'Neill Government states that the debt level will remain at 28.8% to GDP, similar to their 2016 budget. This is a hoax and a joke. It is a deception. This is an utter false statement and I challenge the Prime Minister to justify it and show the people of PNG how his Government arrived at this figure.

Mr Assistant Speaker, the O'Neill-Dion Government own debt projection in 2016 is K19 745 billion. The Bank of PNG reports at the end of September a K19 784.7 billion debt and projects a K21 623.3 million debt in 2017 without taking into account SOE and off-budget loan (debts). The BPNG figure will increase when these stock of debt are added. The International Monetary Fund (IMF) in its *2015 Article IV Report* declared that the PNG Government's official Government Debt to DGP ratio is 56 per cent.

10/09

Mr Assistant Speaker, the above figures do not include another most recent expensive commercial loan drawn down from the Credit Suisse Bank of which the first tranche facility of US\$200 million has been drawn down.

Mr Assistant Speaker, the Budget fails to transparently include the UBS loan, off-budget loans, contingent liabilities to SOEs and Nambawan Super Limited's liabilities in excess of K2 billion. These are facts, Mr Assistant Speaker.

If these liabilities are added to the O'Neill-Dion Government's existing K19.745 billion figure then the total national debt exceeds astronomically.

Mr Assistant Speaker, I say again, hiding the facts and the truth does not solve the problem. It just gets worse. Let me illustrate. Certainly the Debt to GDP ratio is not 28.9% as claimed by the Treasurer and his Government! It stands at over 56% of the country's economy like reported by the IMF.

Mr Assistant Speaker, I will furnish this Honourable House and the people of PNG some truth of the factual information of the State Owned Enterprise's (SOEs) debts guaranteed by the State:

- K800 million ADB loan drawn down to upgrade and develop the Lae Port;
- US\$120 million loan from China Exxim Bank for the NBN by Telikom PNG;
- US\$300 million loan from China Exxim Bank for the undersea cable upgrade;
- US\$100 million from Exxim Bank of China for Port development;
- K725 million loan from BSP, Westpac and ANZ to acquire the Curtain Brothers Motukea Port;
- K400 million borrowed again from the same PNG based commercial banks to do the second phase of Motukea Port acquisition and development;
- US\$200 million borrowed from China Exxim Bank to do a power grid from Hides to Mt Hagen;
- US\$70 million borrowed from the Exxim Bank of Korea;
- National Petroleum Company (NPCP) being used to repay the K3 billion UBS loan. Consequently no proceeds of the PNG LNG project sales has been coming into the budget process or to the five (5) Provinces and their land owners who own the gas.

Mr Assistant Speaker, all the above loans have been borrowed under State guarantee. There could be other commercial borrowings by other SOEs which will be brought to light when reports become available to the Opposition.

But the above loans sum up to US\$1,464 million or K5.05 billion excluding the UBS loan.

The Central Bank in its June Quarter review reports the following Total Public Debt situation in PNG.

DEBTS	2016 (MILLION KINA)	2017 (MILLION KINA)
Domestic	13,369.4	13,525.0
Treasury Bills	5,720.7	5,658.7
Treasury Bonds (formerly Inclusive Stocks)	7,648.6	7,866.3
External	6,415.3	8,098.3

TOTAL	19,784.7	21,623.3
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Mr Assistant Speaker, now let me add the State-guaranteed SOE loans and Namabawan Super Limited liabilities of K2 billion to the above total debt level. The total debt totals to K26,834.7 in 2016 and K28,673.3 in 2017.

Mr Assistant Speaker, including the K3 billion UBS loan the total debt in 2016 is K29,834.7 and K31,673,3 in 2017. So you are looking at your debt level that went up to K26 to K31 billion when you have the size of the economy on Government's own project at K52 billion. Add that up and see what your GDP Ratio is.

Mr Assistant Speaker, the 2 tranches of US\$200 million Credit Suisse loans and any other sovereign bond placings are not accounted for here in the calculations.

From these observations we can realistically see that the debt to GDP will not be a 28.9 per cent but a 60.7 per cent. If it was 28.8 per cent you would not have a cash flow situation. The Government will not find it difficult to raise money through the treasury bills and treasury bonds. That means that 70 per cent of the K12.9 billion Budget will go to repaying your debts.

11/09

Mr Assistant Speaker, that is the truth and the truth hurts. And you want to deviate from that but 60 to 70 per cent of your Budget will go to paying debts next year and onwards.

Therefore, the Budget is not realistic. It is a fake Budget. We have to discuss this in this House,

Mr Assistant Speaker, if the above mentioned SOE loans are spent effectively on commercially intended purposes then, depending on the management of businesses, the State might achieve the returns that are envisaged. For example the SOEs, the argument or notion is that SOEs are run by businesses and not the State, and the loans they have are their responsibility. This sort of thinking should be done away with because it is a misconception. The initials SOE stand for State Owned Enterprises, which clearly indicates that the State owns these entities. And the Parliament owns them too on behalf of the State. Their total debts must be added on. It is better to do it that way then to just cut it off.

What will happen if PNG Power or Ports PNG or one other SOE does not pay and defaults on its loan and goes bankrupt, who will pay their debts? The Government will have to repay those debts because the State has given its guarantee. The negative clause of Bank of PNG does not allow direct borrowing.

Mr Assistant Speaker, this is very important and the truth must be told. The Prime Minister has to be told the truth about the loan situation so we can make better decisions or more informed decisions based on the truth. At the moment you are not told the truth so you think you are doing the right thing but you end up doing the wrong thing

Mr Assistant Speaker, the Bank of PNG has revised the 2016 inflation up to around 7.0% (Monetary Policy Statement of 30th September 2016). The bank has further projected the 2017 inflation to be 7.5%. This projection is very similar to the ADB projections in the year.

The O'Neill Government reports of 6.6% inflation but again, it is deceptive.

Mr Assistant Speaker, the Opposition is concerned that the Government is taking a very lax approach to this increasing trend in inflation. The effects of a rising inflation is that the kina depreciates faster, hence the cost of imports is much higher and consequently discourages local production and exports of PNG made produce. This in turn continues to put upward pressure on inflation making life more miserable and less affordable for all citizens. The grassroots are the most affected.

Mr Assistant Speaker, the best strategy to alleviate this dilemma is to create an influx of hard foreign currency and business into PNG. But 2017 Budget does not address this issue. The Budget is very oblivious and has no permanent solution to arresting the rising inflation trend, look at the 200 million dollars Credit Suisse Syndicate which only solved the temporary solutions, you will still need that money to finance your Budget, and that's area that should be control by this Parliament to the Government.

Foreign Reserves

Mr Assistant Speaker, the Opposition is advised as per the Central Bank's Monetary Policy statement that as at 30 June, 2016, the level of gross foreign exchange reserves was at US\$1,664.5 million us dollars (K5, 153.1 million). [Bank of PNG Monthly Policy statement, 30 September 2016, pg. 7

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Mr Assistant Speaker, although this level is sufficient for 10.6 months of the total import cover, there is a significant amount of backlog of import orders in the market that these reserves will be used to clear. By mid-2016, the backlog of orders stood at K800 million per week.

Mr Assistant Speaker, this simply means that the foreign reserves can be fast depleted applying more pressure on the kina exchange rate against major foreign currencies.

Mr Assistant Speaker, PNG has seen some slight increases in foreign currency inflows replenishing the foreign reserve. This improvement experienced in the second quarter of this year was through export revenue by the extractive industry. However, the Opposition's observations and situation with the foreign reserves is precarious as there is no certain or confirmed strategy by the O'Neill Government as to how our foreign reserves should be boosted or the kina stabilized.

Mr Assistant Speaker, the O'Neill-Dion Government's budget does not articulate if it intends to diversify away from the extractive industry. The most profound risk is that the world mineral and gas prices might plummet like we have experienced multiple times, thus bringing unexpected shock to the PNG economy.

The 2017 Budget is deaf and dumb to this important economic consideration. The Government is only banking on further borrowings to finance the 2016 and 2017 Budgets which makes PNG's position very vulnerable.

Mr Assistant Speaker, the country's cash flow since January 2016 has not improved. The O'Neill-Dion Government is having a very tight cash flow situation and thus, cannot fund its budgeted programs in 2016.

As of September 30, 2016, the Government recorded a debt of K624.8 million and projects a huge debit balance in August going forward. Revenue inflows have been very, very low so the Government has been depending entirely on issuance of government auction, Treasury Bills and Treasury bonds (Inscribed Stocks) to finance its 2016 budget as against budget revenues which had dwindled. As such, the O'Neill Government has already used up the full 100% or K7.3 billion Government Security Bonds and Treasury Bills budgeted for 2016 just within the first seven months of the year. As of today, the Government has gone 25-30% beyond its Treasury Bills and bonds limit. That over-issue of government bonds equates to K2.523 billion (3.5%) totalling domestic bond-raised finance to K9.823 billion. What this means is that the

Government has breached its own budget appropriations. That also means the cash flow situation is very desperate.

Mr Assistant Speaker, a government going beyond its limits yet praising its finances deceitfully is a government that has lost control of the economy!

That is the reason, why the Treasurer talks of a second tranche of a Credit Suisse syndicated loan later this year. Such loans are very expensive and unwise as they add onto the existing stock of huge debts crippling PNG right now. That is why the Prime Minister and the Treasury Secretary talk of placing sovereign bonds, yet it is expensive!

Mr Assistant Speaker, if the second tranche from the Credit Suisse bank is unsuccessful, I doubt if all Districts, Provinces and local level governments will be paid their DSIPs, PSIPs, outstanding free education fees and creditors to the Government/State.

Mr Assistant Speaker, we, in the Opposition, are not those type of leaders who try to be wise after the incident! We are the team in PNG that sees the future, understands it ahead of time and takes appropriate actions or makes decisions beforehand to steer PNG out of trouble before the stormy weather hits us.

Mr Assistant Speaker, the records show that we on this side of the Honourable House warned the Prime Minister that the K3 billion UBS loan for a mere 10.01% State share in Oil Search would be fatal to the cash flow of the nation and damaging to the country's economy.

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So, we are not saying it after the incident happened. We said it beforehand. We did warn you and it is happening right now. See what is happening now, Mr Assistant Speaker.

Not even a toea in dividend has the State and Papua New Guineans witnessed entering their coffers, let alone reflected in this 2017 Budget confidently. If you study the LNG projects coming into the country as consolidated revenue, there is nothing there. Oil Search has not even paid any toea to the State in dividends to this huge investment. This K3 billion loan I have been paid in payment of 10.01 per cent and Oil Search is yet to pay a single toea in dividends, so when are they going to pay.

Mr Assistant Speaker, we, on this side of the House, did warn the Prime Minister and Government that the 2015 Budget needed to be revised in totality because of the early signs of crash in oil prices. We did warn. Two years ago we said there is crash and you have to revise the Budget in totality to save the situation.

I called on the Prime Minister, the Treasurer, the Finance Minister and the Prime Minister 1-2 years ago to see the signs the way we were seeing them and urged them to take immediate actions. I even asked them then, Mr Assistant Speaker, for an open round table discussion to agree to save the economy from an imminent cash flow crisis and economic recession that would befall PNG if we never took action two years ago.

Mr Assistant Speaker, we did stand on our words. The Government was stubborn and the only reaction was, we are monitoring the oil prices closely and we know what's happening. One of their chief economic advisors and the current chief secretary not only wrongly advised the Government but lied to them. He is a wrong advisor and a liar and he's got a problem, because he said and I quote: "the PNG LNG sales were fixed on forward contract prices and therefore cash flow would not be affected." But now it is affected so what kind of advice is he giving to the Government.

Mr Assistant Speaker, I want the people of Papua New Guinea to look at this. We have a Government who is irresponsible and not listening to advice. It is listening to advice of cheap incompetent people working with them.

So it appears that they have monitored nothing. There was never a forward fixed price contract or if it existed it never saved PNG's cash crisis. They have lied to you, people of PNG. The O'Neill Government lied to the people and to this Honourable House. They were sleeping then and they are still asleep today.

Mr Assistant Speaker, the only solution for them is to get loans after loans, but it won't help. What they will do is that they will go ahead and get loans after loans. The loans will bury the nation deeper into its coffin. Certainly we need to find another way out of this situation. Not by way of yet more loans, but there is definitely other ways of stirring us out of it.

Mr Assistant Speaker, the O'Neill Government will need to borrow K1,876.6 million to implement its 2017 Budget against a K11,088.8 million revenue envelope versus their projected K12,965.4 million expenditure plan.

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However, the Bank of Papua New Guinea reports that there is a reduced domestic appetite for government debt instrument due to credit exposure limit of some market participants. So even if the Government issues government security or bonds to the market to raise money the banks and others have already exposed themselves and they cannot use their money to buy those bonds. This simply means that, the Government will rely on external sources to finance its deficits and that will be very expensive.

The same policy statement states that the persistent high level of liquidity in the banking system is contributing to the weak transmission of the Kina Facility Rate of 6.25 per cent market interest rate.

So, even our people out there when they go to the bank to borrow money the interest rates are very high that they can't survive. That simply means that commercial banks do have a high level of cash or liquid assets in their banking system but are not lending the cash out to borrowers or buying government auction bonds, and this is because the bank finds that lending out their Kina Facility Rate (KFR) or buying Government Bonds beyond their exposure limits are too risky for them.

Mr Assistant Speaker, the bank usually would raise a lending interest rate higher than 6.25 per cent which is the KFR, like some bank's personal loan rates are as high as 15-30 per cent and housing loans are at 8 per cent to 9 per cent or even at 12 per cent which is far beyond 6 per cent which is the limit that the Central Banks regulates.

So, whoever wants to borrow from the bank must borrow beyond 6.25 per cent because the banks are seeing that the situation of business is risky so they have raised it beyond 6.25 per cent and our people are suffering. The bank is now saying that they cannot regulate it, the banks are not listening to them and they are doing it completely differently so they are trying to figure how we can stop this situation.

This is not just politics, it is the real situation here for our people and when it happens to small SMEs, the women, youth and even individual citizens will find it difficult to survive. Businesses will wither away financially and they will close down and people will be laid off. Profitability will come down and even working class people will find it very difficult to survive.

Therefore, it is the role of Government to facilitate how the economy works. The O'Neill Government has brought the business and finance life of our citizens to a halt by this mismanagement I have described because of the very tight cash flow

situation. The Government is not injecting sufficient cash into the economy. The Government is not paying genuine service providers from the private sector and some of the operations have been hard hit and businesses are defaulting their loans and are forced to close down. It is the government that creates business by putting money in the right places to getting the economic growth going but at the moment that is not the situation.

Mr Assistant Speaker, in fact, a business survey done by the Bank of Papua New Guinea in December 2015, showed that the total normal sale of private sector declined by 3 per cent or 2.9 per cent sales in manufacturing, retail, wholesale and minerals. This report shows that the business is declining.

The business indicators show that Momase, Southern and the Highland Regions suffered the decline while there were increases in other areas like the New Guinea Islands. The situation needs to be arrested but it is getting worse.

Mr Assistant Speaker, employment is the real result of a healthy economy. Every mother wants to see her children get employed and every father is proud when a child is earning an independent way of life. The whole substance of governance and economic restructures in Papua New Guinea is to ensure that sons and daughters of this country do get a decent job with just pay to survive decently but the current situation doesn't support that.

Mr Assistant Speaker, the 2016 Budget fails to employ any Papua New Guineas in any decent jobs. The 2017 Budget does not create jobs for them but it cuts jobs for them.

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In 2015, employment dropped by 3.5 per cent. This year by the end of September, the employment growth has not been strong. There is no expectation in major improvement in employment in this year or next year. Our young population is idle having no hope as there are no prospects of income for them in the future as most of the jobs they do are only seasonal and unskilled work.

So, it is not permanent, they only work for six months, maybe one year or maybe the next opportunity for work is three years and that is it.

Mr Assistant Speaker, it is shocking that the 2017 Budget leaves this fundamental issue out and the Prime Minister and his Government pretended that the youth or the young do not exist.

Let me discuss briefly, Mr Assistant Speaker, a bit of a performance assessment that we have done on the 2014, 2015 and 2016 Budgets because I believe that this is the end of the term budget for this government. Therefore, we have to look at all the Budgets in totality and not just the 2017 Budget. We have to look at what they have achieved in the 2016 and 2015 Budgets so that, we can look at what to achieve in the 2017 Budget.

Having given an economic status assessment in contrast to what the O'Neill-Dion Government has presented, let me proceed to give an account of some of the major tasks that they have undertaken using funds allocated in the years 2014, 2015, 2016, the Supplementary Budgets and the budget proper.

The first is, as I have mentioned earlier regarding the PNG LNG sale reserves or revenues, the sale of the PNG LNG and where those revenues are.

This is the first point because it is the responsibility of the Government to tell this Parliament and the nation where all the revenue from the PNG LNG project has gone to. Of all the major projects in this country the PNG LNG project is by far the most lucrative and biggest of all. Now, having said this, the Government must present a report stating all the revenues that were generated by this project for the years 2014, 2015 and 2016. This is because the 2017 Budget must reflect the revenues generated by this project.

Nevertheless, there is no clear indication as to whether or not any revenues generated by this project have been disbursed in any way or form.

Therefore, I see that the performance of the Government is questionable, Mr Assistant Speaker, I, therefore, challenge the Prime Minister to tell this Parliament where all the revenue from the PNG LNG Project has gone to. And why hasn't any of these revenues been factored into the 2017 Budget. The revenues would amount to K3 billion from taxes, dividends and royalties of the people. If the revenues from this project were factored into the Budget then our cash flow would be stable.

Mr Assistant Speaker, the second point of failure of the Government is that some of the work that they are doing are outside of the budget process. We are passing the Budget in Parliament, therefore, we must take our time to debate these issues on the Floor of Parliament so that we know how funding is allocated and for what purpose it is allocated for.

In the years 2014 and 2015, the government bought power generators from Israel at the cost of K144 million. Nevertheless, my question is, why then does Port

Moresby and Lae cities still experience blackouts even though these power generators were brought in to alleviate the large demand of power usage by these two cities. Therefore, in the 2017 Budget it does not indicate whether or not this issue will be addressed or rectified because they think that we have forgotten about this issue.

I would like to raise my third point. I have assessed the government's Budgets for 2014, 2015 before I talk about the 2017 Budget. This is because the 2017 Budget is the last Budget of the government to be or not be passed by this Parliament. Therefore, we have to see what progress has gained from the last three budgets.

We have to look at some of the government contracts that were given out during those last three years. For instance, in 2014, the minimum cost for the Pacific Games was K2 billion and I have the proof and documentations that say that.

Also, I remember back in 2014, the Minister for Sports and National Events saying that a special tax exemption of 500 per cent would be given to the contractor who would be upgrading the Sir Hubert Murray Stadium. And I argued and warned that this could cause economic instability and cash flow problems for the country.

Nevertheless, the stadium is still sitting there unfinished because no work is being done by the contractor.

16/09

Beware of this country facing cash flow problem, beware of the country facing economic problem. Look at Sir Hubert Murray Stadium, no work being done and lying idle in the sun right now. Some of the Pacific Games infrastructures are just being decorated to cover up and they are saying everything is okay. After ten years, some of these steels will be eroded and collapsed so Mr Assistant Speaker, the Government must put up some permanent structures there because K2 billion minimum has been wasted and no achievement, those are budgeted money.

On the performance of the Government before considering the 2017 budget, we recalled Government talking about raising the Sovereign Bond at K2.5 billion. Sovereign Bond is like the Government going out to the international market businesses and said, the Government of Papua New Guinea would like to borrow K2.5 billion on this interest rate, can you give us money or not? Then you bring the money here to work with. I have warned the Government on this K2.5 billion in the 2016 Budget but they bulldozed it. I said it will not work, plan another strategy and relook

at the budget, find another way because this will not work, that's what I said, Mr Assistant Speaker, but they did not listen.

On the Supplementary budget, they did not look at this so all those things they have done in the past are all not correct so with all these wrong doings, we now have cash flow problem. All these wrong doings caused us to make the Supplementary budget where the Treasurer handed down was all about chopping the budget. Mr Acting Speaker, the 2016 budget cut almost K1 928 million, in 2014 it cut almost K1 billion. It was chopping down because of all the investments that cost the State too much including the mismanagement of the economy.

Mr Assistant Speaker, I also want to state on the take-over of the OK Tedi which I have warned this Government about. We use to get about K90 to K100 million in dividends every year from OK Tedi. In 2014, we received nothing, and the Prime Minister will agree with me. No money in 2015 and in the 2017 Budgets and I checked if OK Tedi will give us some money but there is nothing. Where did the money go? In the past arrangements and structures, the dividends were being paid well and the budget cash-flows were sound. But now, this has come to a blockage, how, Mr Assistant Speaker? These are very important decisions because this is the Government's last budget where there is no guarantee that they will deliver the 2017 Budget. It's all lies, Mr Assistant Speaker.

The other issue we, the Opposition said was not to alter the exchange rate. We said, reduce your spending, don't spend so much money and control spending only on priority areas for the vision 2050 or the Medium Term Strategy. Don't spend anyhow on any roads, any bridges and any wharves but the Government did not do this.

Mr Assistant Speaker, the foreign reserve has now dropped. Most of those contractors are foreigners, not locals. About five to six major contractors got billions of kina worth of contracts in Port Moresby and they are foreigners. They send the money out and our foreign reserves fall so the bank has to warn us to peg this. I know, so I said not to peg and work on the normal market rate but control the Government's expenditure and control it in the right way. The Prime Minister and the Government did not listen. I also saw in the 2017 Budget that they did not mention how they will fix this problem.

Mr Acting Speaker, Prime Minister has the moral duty, God gave him this job to tell the truth so will how he fix all these situations he created.

Mr Assistant Speaker, we cannot play up with this, I wasn't politicking. What I said was the truth and the truth must be told.

17/09

Now with the budget deficit, I will speak in pidgin and Motu. Mr Assistant Speaker when I said to speak in Motu, I see that Ano Pala is very excited and that is very good.

Mr Assistant Speaker, I will now proceed onto the 2016 Budget which the Government has handed down. Just the theme of the Budget makes me want to laugh. The theme of the Budget states; "*Responsible Fiscal Consolidation for Future Growth and Development*".

I am not laughing because this is a wrong statement, no, I have to commend the Treasurer for making the right statement. But the two reasons why I laugh are, firstly, the past record of the Government has not shown any signs of fiscal consolidation or any growth in this country. It doesn't and it is an insult to our people to just write words like this when you have not done it.

When you have not delivered debt consolidation in fiscal control, there is no fiscal responsibility and you have got the country's economy winding out of control and the cash flow situation is not stable. There is a downturn in the economy so how can you say there is fiscal consolidation? That is not correct, it is a deception. The people deserve to hear the truth from an elected government.

The evidence is there. If there is fiscal consolidation, control and discipline, why are we presenting supplementary budgets one after another?

During the time of Somare and I, you were criticising Somare when I was his Deputy Prime Minister and Sir Puka Temu was also one of the Deputy Prime Ministers, our supplementary budgets were to increase the Budget and not to decrease it, we had surplus. We were bringing in supplementary budgets with surpluses and not cuts. The Treasurer, Honourable Patrick Pruaitch knows about that. He used to deliver those on our behalf.

So, if they want to know about fiscal consolidation, the evidence is glaringly apparent. It shows that they did not have fiscal control over the economy. Their words will sound nice and sweet but it has no meaning.

Take a look at their education sector for instance, they have allocated K1.1 billion. This is not a wrong decision; it is a good decision to allocate so much money

in there. But the government's custom is like this, the Prime Minister will say, hip, hip hooray, for the first time, we have put so much money into education compared to other governments. But the point is this, money doesn't fix the problems.

I'll tell you some of the problems you have in the education sector. As the nation is well aware, the O'Neill Government has been allocating so much funds to the sector over the last four years totalling nearly K4 billion. He should be happy, he should be shouting hip, hip hooray.

Mr Assistant Speaker, the question is, what has the Government achieved through these investments? That's the question we must answer.

This is the last budget of the O'Neill-Dion Government and this Parliament ought to know what we have achieved on these investments. The nation needs to know if the O'Neill Government achieved the following returns on these huge investments.

Not just quantity, but with these kinds of investments over the last four years, have we achieved quality? Let's pause and think for a while, have we achieved quality?

The quality of education, Mr Assistant Speaker, depends on the following according to researches done and reports presented. An appropriate curriculum, quality facilities and materials provided in the classrooms like texts books, tools and resources; for example, science laboratories, libraries or computer labs, highly qualified principals, teachers and boards of governors.

There must be a certain permitted number of students to teacher ratio and not one teacher handling 30, 40 or even 50 students to one class with some sitting on top of others.

Mr Assistant Speaker, quality supervision and general administration of education programs at schools by high authorities like inspectors, timely disbursement of funds to the schools. You can put huge numbers on the budget papers but timely distribution is very crucial, decent support service like transport infrastructure, health services and hygiene and so on.

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Mr Assistant Speaker, the truth is that the above ingredients for quality learning are just not available to almost all schools throughout PNG. That is a fact that we need to address. The 2017 Budget does not explain if the Government's 2014 and 2016 Budgets have ever achieved quality education. They have not even

explained how they will achieve that in the 2017 Budget. All they have said is, “We for the first time have put huge amounts of money, and we have beaten past governments”

Mr Assistant Speaker, the O’Neill Government may gain credit for just one thing; a lot more children have enrolled in schools throughout the country since the announcement of their so-called tuition fee free education, but the Government believes that schools are to do with quantity, and not quality. Schooling has more to do with quality, and quantity is second. But because of a quantity push and not a quality drive by this Government, the schools, as a result, have been forced to cater for a large increase of student numbers thus causing over-crowding in classrooms. Today certain schools throughout the country have reported that much of the promised funds in the so-called tuition fee free policy are yet to reach the schools.

Mr Assistant Speaker, consequently, students have been sent home and parents forced by the school boards to dig into their pockets to pay for the cost of education.

Mr Assistant Speaker, the Madang Education Division Director has said their schools in the province have sent students home as promised subsidies have not reached them. Hagita Secondary School in Milne Bay said it only received 70% of the subsidy. The Principal of St Ignatius Secondary School said they will ask parents to pay up to keep the school operating.

Mr Assistant Speaker, the Department of Education reports that none of the 3,380 of 13,703 schools in PNG have not received their tuition fee free payments. As I am speaking 70 per cent of the schools have been threatened to shut down.

Mr Assistant Speaker, these are just a few examples of schools in the country facing operational shortages because of the Government’s failure to understand and live up to its commitments.

Mr Assistant Speaker, the real threat is that school children are deprived of their right to education and are being sent home. School aged children are not in class. A classic example is school aged children on the street begging at the traffic lights right next to the Sir Manasupe building where we all attend for meetings.

Mr Assistant Speaker, does the Prime Minister ever see these children who are out of school begging before him, or does he close his eyes as he drives past them,

Mr Assistant Speaker, Morobe and Sandaun Provinces topped the list of schools who have not received the TFF.

Mr Assistant Speaker, quality education for our children does not depend on throwing huge amounts of tax payers' money into a free tuition fee free policy, nor a K4 billion funding in TFF, assuming problems are solved. Education must be looked at holistically.

The Parliamentary Referral Committee on Education in August 2014 reported in their "Strongim Tisa Strongim Klasrum" Report number 10 highlighted 13 fundamental recommendations to improving teachers' well-being (pg. vi-viii).

Mr Assistant Speaker, the 2017 Budget is supposed to lay out a strategy or policy guideline as to how these recommendations of the Parliamentary Committee would be implemented to boost teachers' well-being. This report was presented by the Chairman of Parliamentary Committee, the Honourable Member for Wabag, Mr Robert Ganim but the Government has not taken any action on the recommendations.

Mr Assistant Speaker, the 2017 Budget does not lay out a sure plan to develop skills of children who come out of lower schools into adulthood. For instance, how many children go onto technical and vocational skills development? How many become scientists? How many become economists, engineers and lawyers? How many become archaeologists, astrologists or computer scientists or programmers? What about our children becoming global multi-millionaires or global multi-corporate managers of international companies? The question I need to ask is not to just allocate money in there but to develop skills in these young children of ours so they can earn a living.

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Mr Assistance Speaker, the lower education system should be integrated to the higher level education in skilling our children to find themselves a lifetime job and skills employment.

The Universities need to be positioned appropriately meeting all requirements of the 21st century accreditation standards. The technical and vocational colleges must be adequately cultured and prepared to impart skills to our children for their survival.

Mr Assistance Speaker, however this is not the case. The O'Neill-Dion Government has no idea about a holistic human resources development program. What the Prime Minister and his team know and do is just jump to pump huge money

into the education sector in the name of populist policy Tuition Fee Free Policy and they don't care. But we care on this side of the Floor.

We care to develop skills in the young Papua New Guinean not just exposing them to literacy. That is just one little part of human development. In skilling them they go up to the University level.

The Universities are crying out for funds. University of Technology is still crying out for a mere K40 million. UPNG is crying out for K35 million. The University of Goroka and the University of Natural Science and all the Universities are in dire need.

Once you pay up that K602 million in free education policy you have to bring this nation's children to the universities and vocational schools to train them and skill them.

The Prime Minister and his team think that is where it stops but I will tell them that is not where it stops.

We educate our children take them to the vocational training centre and from there to the universities and then we have to connect them to the employment sector in the fields out there. The job market analysis is very important. Can the private sector absorb them? Most of them come out of vocational centres and universities and are on the streets and hanging around while this Government is happy as long as they are voted by the parents on this Free Education Policy. That is a very irresponsible behaviour of a Government.

That is what we see and I dread what the Prime Minister is doing. That should not be the case.

We have to integrate the human resource and the children to the employment sector through this education program but sadly it is not reflected in this 2017 National Budget. It's was never reflected in the 2015, 2016 and now the 2017 Budget. That is not good at all. It's not right.

If Parliamentary Committee Members on Education give Reports and recommendations that we should look after teachers' wellbeing, they are quite right. Because these reports are based on statistics and truthful observations they have made. How can you impart quality education if the teachers are not looked after?

Mr Assistance Speaker, to my disappointment you don't find that indication anywhere in the 2017 Budget nor in any other Budgets and Supplementary Budgets handed down.

Mr Assistance Speaker, this Government has made Health Sector the Third Largest share of the health sector of almost K1.2 billion and of course, there is about K20 million to free health care which I myself don't know what that is.

Mr Assistance Speaker, I am not trying to criticize the Government for no reason at all but the statistics and indicators on the ground are completely different from this figures that we find in the Budget books.

People on the ground are receiving 50 per cent or just 70 per cent of what is indicated in the Budget books.

Mr Assistance Speaker, UNICEF reports that 14 000 out of 15 000 deaths in the Pacific region were in PNG;

- Out of every 1000 child births, 61 infants under 5 years old die;
- One in every 120 women die from pregnancy related complications and the lifetime risk of a mother dying in pregnancy is 1 in 20.
- PNG has less than 400 doctors of whom 51 live outside of Port Moresby.

20/09

Mr Assistant Speaker, Papua New Guinea has less than 400 doctors of whom only 51 live outside of Port Moresby. So there is no doctor in Kandep. Whether Ialibu-Pangia has resident doctors, I am not sure. There are no doctors.

So we cannot just pump in K1.2 million thinking that this will lure the doctors back into rural areas. We cannot pump in K1.2 million into the Health sector without the training of doctors to help the rural Papua New Guinea. This is not the first Budget. We had the first one in 2013, 2014 and 2015 and we should have learnt better. What I am saying here is that the 2017 Budget does not address these issues. The Budget is completely on a different track when the reality is that we are on a different angle and that is the truth of the matter.

We do Budgets to resolve the problems on the ground. We are not doing Budgets for our personal gain. We want to have as many doctors as possible in the rural Papua New Guinea but the report does not say so. I realise that Dr. Puka Temu is a doctor that is why he is upset.

Mr Assistant Speaker, those debts can be avoided. In 2017 calculate the moneys that have been put into the Health sector, a total of K5 billion. But the K5 billion has nothing to showcase for. That is a problem that we all should address.

Let me briefly cover the Report of HIV/AIDS in the Health sector. The Chairman of the Special Parliamentary HIV/AIDS Advocacy Committee, the Governor of West New Britain, gave some statement which was very frightening and the Budget unfortunately does not address that. The Report says “The HIV/AIDS epidemic is destroying the country’s young population by infecting people in the age group of 15 – 49 years in their economic prime”.

We have no records of those dying in the rural areas. So we must be very careful here. We need to budget for HIV/AIDS before the population collapses and we will have no more people in the country. This is a very serious issue but the Budget 2017 does not address that.

Mr Assistant Speaker, briefly on the transport sector which is also a big area of concern, it appears that too much money is spent on road works within the city in Port Moresby that is why we have shortage of funds.

Let me warn that our transport infrastructure in PNG will continue to deteriorate and disintegrate. There is no routine maintenance funds allocated to all modes of transport. Unless existing assets are maintained, it makes no sense for one to keep on building new ones

Mr Assistant Speaker, the Government continues to reduce funding for this sector, especially in the 2016 Supplementary Budget and the 2017 Budget by excessive amounts because the Government diverted all would-be transport infrastructure funds designated for major highways, airports, wharves, jetties and bridges in the country to NCD only in the years 2015 and 2016.

Mr Assistant Speaker, we must not spend exorbitantly. We have to save money and invest in those roads.

I have been very critical about the Kukubara Flyover and everybody thinks that I am very obsessed with that. I am strongly speaking of that because that is a good example of abuse of funds which is supposed to be used on some very desperately needed projects out of Port Moresby city. We are talking about economic development.

I realised that in the transport sector of Department of Works, moneys were cut in the Supplementary Budget for 2015, 2016 and 2017.

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What will happen to all the roads? There is no maintenance while the Highlands Highways is also K10 or K15 million and Alotau is allocated K5 million because Minister for Planning is from there but there is no allocation for Kerema, Daru and Maprik.

Sir Puka Temu – Enough!

(Laughter in the Chamber)

Mr DON POLYE – Mr Assistant Speaker, I am just trying to broaden your thinking. We are spending too so much money on Port Moresby roads and infrastructure and that is why we don't have enough for infrastructure elsewhere so the government has cut the Budget for 2017.

One area the government can address is the extractive industry. The money that is coming into the extractive industry is very important because it can help develop the non-extractive sector but I see that the O'Neill-Dion Government is not spending these moneys on the economic sector. Therefore, the transport sector is not getting the enough share because the 2017 Budget has been cut in those areas.

Mr Assistant Speaker, I believe that one of those strategies that is in place and the Government should look at is the extractive industry transparency initiative. It should be strongly supported by Government because that is the initiative that ensures transparency in money coming in from the extractive industry in our minerals and petroleum sectors and that money should be pumped into developing transport sector and other areas to enhance the economy to grow.

Another area that I have seen the Government, through its agents, has mismanaged is the agriculture commercialisation for equity funds. That fund was put to grow the agriculture sector in the 2016 Budget, about K100 million. At present, Mr Assistant Speaker, that K100 million is gone, we do not know, whether it was used or not, it was noted that the money was parked under the Treasury's 207 Budget division but that money has not been used properly. That is why when we see the Prime Minister and his Government handing down a K380 million economic sector budget in that form we know that the sector will not grow with that kind of money.

Mr Assistant Speaker, with the K385 million you put in the economic sector, the major sector should be agriculture but when I checked the two Budgets there is no money there. You should get the money from the extractive industry, make sure it is transparently spent through the EITI Process and you target it at the agriculture industry but the moneys have not been spent there.

Mr Assistant Speaker, the development of the economic sector needs a lot of money not just K385 million, that money will be wasted and there will be no impact. The main economic areas easy for Papua New Guineans to participate in are agriculture and livestock, tourism, downstream processing, fisheries and aqua-culture and micro, small, medium enterprises. These are the industry that have been developed. I looked for all of these in the 2017 Budget but I find that the Budget there is very minimal, there is nothing for SMEs, there is no money there. The National Development Bank only has K35 million.

I understand the cash flow situation but what I am saying here is that if it has been managed properly from the very beginning as advised by the Opposition we would find enough money to spend in those areas.

We on this side of the House say that allocating just K398 million is inadequate and a scam and not much will be achieved. The K398 million will evaporate into thin air like many other funds including the K100 million agriculture commercialisation money and other moneys that were used up.

If ever Papua New Guinea was to get a loan, it must be for the economic sector for activities that can give us a bigger return.

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Loans such as the Credit Suisse finance syndicate, placing sovereign bonds in international markets and the K3 billion UBS loan were all taken for the wrong reasons.

Mr Assistant Speaker, all the loans are bad loans drawn down for reasons not related to economic investments. For instance, US\$200 million Credit Suisse syndicate loan has been drawn down only to finance the 2016 Budget because the economy is in a desire situation. To finance the Budget, that is not a good way to spend the loan money because you'll know it will grow the economy.

The UBS loan was taken to only purchase 10.01 per cent of Oil Search but it doesn't support the country's economy. The placing of sovereign bonds is also to

finance the budget and to meet government debt commitments. It will not grow the country's economy.

Mr Assistant Speaker, if we were to get some loans it must be taken for the economic sector but now it cannot because the debt level is so high.

Mr Assistant Speaker, these loans will never bring any return back. Imagine if such loans has been drawn down to plant oil palm, cocoa and vanilla in the Sepik Plains. Think of raising cattle and growing agro-farms on the Markham-Ramu-Baiyer Valleys. Contemplate if sovereign bonds were placed to raise funds for the coffee and copra industries. Imagine if a tourism industry programme was developed in the New Guinea Islands and coastlines of Papua for fish and aqua-industries to flourish.

This is why you get all these loans for and not just get it to meet some recurrent expenditure. You get a loan to target economic investments.

PNG needs to invest hugely in these economic sectors to see the impact nation-wide. We need to invest K3 billion to K4 billion in the agricultural sector to grow the economy and not just K92 million and K150 million including the recurrent. We need K3 billion to K4 billion for the agricultural sector. That raises the question of micro, small and medium enterprises.

Micro, small and medium enterprises feed off from big industries. They just don't grow alone, they grow from big industries. The objective of investing huge in the above mentioned industries would naturally give birth to the micro, small and medium term enterprises. Therefore, the trick is to transform the big sectors into major industries that all kinds of business activities and enterprises can easily grow out of them.

Mr Assistant Speaker, it is estimated and reported by the Department of Trade and Commerce that there is approximately 49, 000 SMEs in Papua New Guinea. Of this number 290, 000 of are employed. But only about 10 per cent of this sector is controlled by Papua New Guinean citizens and that sector contributes 10 per cent to the country's economy. But in the 2017 Budget there is no support to this industry. There is not enough money going to the National Development Bank or to the women's groups or there is no facilities here provided by the government.

This industry has been stagnant for quite a long time and the statistics that I have given you are probably five to ten years old. We need to advance growth in this sector in 2017 but the 2017 Budget does not pave the way forward.

Mr Assistant Speaker, I now come towards the end of my reply.

(Members murmuring)

Mr DON POLYE – See, Mr Assistant Speaker, the problem is, when they urge me, I stop.

Mr Assistant Speaker, this Parliament term was the most opportune time. The stories that we are hearing about the oil prices going down are all lies because revenue from the PNG LNG Project did not even come into Papua New Guinea. Revenues from the PNG LNG Project are going out into foreign accounts and not into this country.

Therefore, why then do we have to say that the revenues from the PNG LNG Project are affected by the oil prices and that cash flow would be short? These are all lies because no LNG money is coming into the country.

This parliamentary term was the most opportune time when the PNG LNG revenues flowed in and our other commodities were doing quite well in the world markets and the Executive Government had all the time to diversify the economy.

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And we from the Opposition have been supporting the Government to diversify, get the money from the extractive industry and plough into the agriculture sector and other sectors to grow it through the Sovereign Wealth Fund mechanism we created. But, Mr Assistant Speaker, the O'Neill-led Government failed to lead in that way.

The Government team has failed the people and the economy in compromising the State and the people with massive debt liabilities we are faced with today with the cash flow and economy, the refunding, the growth is declining.

PNG will continue to face issues with low international commodity prices and other supply shocks to Papua New Guinea economy beyond our control. We cannot give excuse and blame that. They will always be there.

We are very much an extractive base economy so when the price goes down or those who trade with us face economic problem in their countries, we will definitely be affected, Mr Assistant Speaker.

So giving excuses and saying, we are affected because of this and that is not good enough. That means we as a nation need to diversify into import substitution and

export-based industries to create a sustainable economy. We need to increase our productive capacity as an economy especially with the agriculture and other non-extractive industries.

Mr Assistant Speaker, I heard one of my colleague asking what my solution is so I'm now starting to give some solutions. We need to encourage and strongly support our micro, and small medium enterprise by skilling them with financial literacy and entrepreneurial skills and engage them in inclusive growth programs. All of us grow, share the wealth and benefit together.

But, Mr Assistant Speaker, the approach O'Neil-Dion Government has taken is very different; pumping money into infrastructures in some areas leaving others high and dry, and leaving out the major economic sectors out there in the cold.

Even in taxation, Mr Assistant Speaker, we seem to raise about K700 million from taxing some of the major contributors into the economy is outrageous. While we agree that alcohol and smoking are bad, we share the same belief on this side, we also think that the round log unprocessed logging going out of the country is not good. We support the downstream processing. While we support that there should be tax on loans etcetera, Mr Assistant Speaker, but at this time while we see those that are affecting the economy and the people, like when you tax round log exporters, about 15 000 jobs are already lost immediately.

When the inflation is very high, cash-flow is very low and the people out there are struggling to survive, and to raise a K600 to K700 million when the industries out there contribute more in the billions, K300 million is spent in those industries. We need to take a careful assessment of what we are taxing on our people.

Mr Assistant Speaker, also talking about other tax measures, such tax measures need to be looked at carefully by the Government. I'm also addressing the Tax Credit Scheme in the country that has also been abused, as far as we are concern. We need to have the Tax Credit Scheme support infrastructure development and other projects in the areas those projects are located.

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The LNG Tax Credit Scheme, the Ok Tedi Tax Credit Scheme, or the Lihir Tax Credit Scheme funds should not be used to build some buildings and transport infrastructure here in Port Moresby. That's not right, that is done illegally, and that should not happen. That is wrong management.

When we look at the 2016 Budget there is no mention of that so we have to urge the government not to touch the tax credits scheme funds since that belongs to the places where the projects are located.

Finally, just looking at your Budget figures, you've got a K21.4 billion budget in the General Public Services Expenditure Bill 2016. Mr Assistant Speaker, the Prime Minister doesn't seem to understand what I am saying.

Mr Assistant Speaker, you look at your appropriation, that's your budget, you look at your appropriation. The Public Services Expenditure 2017 Bill 2016 stands at K21.4 billion and your budget is K12.19 billion.

You've got an actual appropriation of K21.4 billion and I am not misleading this House, you look at the Bill. I want the Treasurer and Prime Minister to look at the Bill. This figure is on the appropriation bill that is going to be passed here today. If we do pass it, is it K21.4 billion? And that is the money you will need to raise next year.

And in that Bill, you will find that 80 per cent of that, that's about K17 billion is operational funds and only K3 billion is for capital expenditure or the development budget.

Mr Assistant Speaker, I'll read this because I am not a liar, I have never lied on matters of economic importance to the people of this country. It says here, the Appropriation (General Public Services Expenditure 2017) Bill 2016, the purpose of the Appropriation (General Public Service Expenditure 2017) Bill 2016 is to appropriate a sum of K21,418,878,496 so in short, I am saying K21.4 billion. That's the amount of money or cash that the Government will need to raise next year.

No wonder, Mr Assistant Speaker, they get it wrong. I think they should ask those officers that prepared this statement.

I am shocked that you guys don't understand this, look at this, it says here, down at the fifth paragraph it says, 'this Bill will establish total appropriation in 2017 of K21 billion of which operation expenditure is K17 billion. So, your operational expenditure or recurrent expenditure is K17 billion and when you look further down, in your breakup, it says that the Bill will also establish total appropriation in 2017 of K3.9 billion for capital expenditure or development budget.

I am not using something that I made up myself, I am using your own budget papers and my interpretation of this is this, if the Government is not clear with their own papers here, I am saying that this Budget is not worth passing. They should go

back and look at this figure. If they pass it then it is going to be fraudulent and a deceptive action by the Government.

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Because of that reason, I am asking you how you are going to raise this kind of money. Will you raise the money through Treasury Bills, Sovereign bond placement and through Credit Suisse Syndicate? You need to raise next year a total of K21 Billion. Your annual Budget for next year is K12.9 billion but to meet your debt liabilities your and others you need, to raise that total amount of money.

Mr Assistant Speaker, 80 per cent of this funds that you will be raising is just for recurrent expenditure and recovery 20 per cent of development funds. If you translate that in your K12.9 billion Budget, this figure will change because it depends on how you articulate in the figures.

I would like to let the Honourable Members of this House know that what you will be passing here is not what was presented in the Treasurer's speech or the Prime Minister's or the Opposition's statement. What you are passing is this Appropriation Bill. You will find three Bills there:

(1) The Appropriation (General Public Services Expenditure 2017) 2016 and that is the Bill that concerns the people.

(2) Appropriation 2016 Bill, (National Parliament 2017) Bill 2016.

(3) Appropriation Bill,(Judiciary Services 2017)2016 Bill.

So you will have to pass these three Bills and so what is Law is not the Treasurer's statement. You need to understand this because if you don't understand, then you will be confused.

(Laughter in the Chamber)

Mr DON POLYE – Mr Assistant Speaker, I'm shocked that the Prime Minister and Treasurer don't know this. But if they do then they are misleading us and my accusation that they are being deceptive must be true

Mr Assistant Speaker, and the point I'm trying to say is this, you must understand that to raise this amount of money, you will be running like mad to raise it. You need the money in the areas that you will grow the economy, not in other areas

that I have operational costs of over expenses over 80 per cent, that's not right economically.

Mr Assistant Speaker, the debate on this issue, is that the Government needs to not just raise K12.9 billion for the 2017 Budget but the total of K21.4 billion approximately.

Mr Assistant Speaker, the big issue to acknowledge here is that 80 per cent of the funds raised in 2017 will go towards the recurrent or operational areas and only 20 per cent will go to developing the economy. So it will be like I said, 70 per cent will be eaten up by the loans.

Mr Assistant Speaker, The trend has been created by huge debt repayment liabilities and spending outside of the budget and budget blow-ups in 2014, 2015 and 2016.

Mr Assistant Speaker, the trend needs to be corrected, the people of PNG deserve better management of their affairs and such an appropriation Bill does not help the nation achieve the Vision 2050 objectives of a smart, wise, fair and happy society by 2050; definitely doesn't.

Mr Assistant Speaker, the style of governance and leadership of this Government definitely will not lead PNG to achieving a resilient and sustainable economy. The trend we have seen the O'Neill-Dion Government has dragged this Nation into will destroy our future, if this Honourable House allows this government to continue this trend. PNG's economy will be jeopardised. The United Nations Medium Term Development Goals would never be realised, therefore we propose three fundamental recommendation's that we should look, that's how we believe we will arrested the current and the situation, The first

Mr Assistant Speaker, the first is to give priority to Agriculture. We propose this Budget will be rearranged and we propose that the Parliament doesn't pass this Budget, We propose that Parliament to look at the Budget, redirect the expenditure on the economic sector growth are.

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We need to grow the economy. As little as we are with the economic situations we are faced with, we can do it if prioritize that sector and grow it. Let's turn it around by building livestock, SME's, create incentives and a conducive environment for

tourism. A proper policy and strategy be developed to grow this sector, sustainable export and import base to grow Small Medium Enterprises and establish sound economic management systems and clean governance mechanisms;

My Second recommendation is to strengthen the rule of law. So much money is wasted through the systems because the rule of law is weak. The Constitutional Offices be strengthened and capacitated with adequate finance and skills in human resource. The Judiciary be adequately supported, positioned and be strengthened. The Ombudsman Commission, the Attorney General, the Police, Public Prosecutors Office be given priority in institutional capacity building and enhance them to do their job to arrest and recover abuse of funds.

Mr Assistant Speaker, there are billions of kina lost in the system and yet we are facing cash management issues. We need to strengthen the rule of law.

Mr Assistant Speaker, finally, transform the Public Service to become one of the most proficient and effective research and development machinery. Let them take the lead. The structure be skilled and appropriately structured, cultured and decentralized to all rural districts and local level government centres throughout the country.

Mr Assistant Speaker, I have been critical and constructive so I have debated and alerted the Executive Government on behalf of my colleagues on this side of the Floor and the people of the country and I stand on my words. Time has proven that I have been right and my team on this side have been right all along and we will still be right today even after the National Elections because what we have shared will still come to pass.

Mr Assistant Speaker, we on this side of the Floor will continue to do our job carefully for our people, our children and their future. But will the Prime Minister and his Government do their job by re-doing this fake of a Budget and redirect to the economic sector, the rule of law and the public service reformation?

Mr CHARLES ABEL (Alotau – Minister for National Planning and Monitoring) – Mr Assistant Speaker, I rise to contribute to this very important debate on the 2017 Budget but before I do so, let me join the other leaders of Parliament in expressing my condolences on behalf of the people of Alotau and Milne Bay Province for the loss of a great man, our Deputy Speaker and Member for South Fly Open

Electorate Honourable Aide Ganasi. We are all saddened by his loss today and our thoughts and prayers are with his family and the people of South Fly.

Mr Assistant Speaker, let me thank the Prime Minister and the Treasurer, the Department of treasury and the National Planning for putting together another Budget once again under difficult circumstances particularly following the 2016 Supplementary Budget. It is not easy and we do put pressure on our public service especially when we have all sorts of demands upon us from left right centre including the demands of maintaining political stability in the face of the No-Confidence Motion that was moved, the unrest of the University, global circumstance and an declining economy, the collapse of the oil price and of course the gas price.

These things all impact and come through and they are all part of the tapestry and the difficulty of managing a country and an economy.

Despite all these circumstances the Treasurer and the Prime Minister have come through and I believe it will come through this Parliament.

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Mr Assistant Speaker, I take this opportunity through the approval of the Clerk of Parliament to also present some documents to support the Treasurer with the presentation of the 2017 Budget. It is very important to see this Budget in a broader context of the five year outlook in the development plans of this Government.

The Opposition Leader has played a greater part in formulating some of the basis of this Budget some three years ago as the treasurer. But somehow he finds himself sitting on the other side of the House. So those plans and visions that he helped to formulate are no longer applied and are no longer important.

Mr Assistant Speaker, when you talk about the expenditure plans and details of a single Budget, it is important that you see it in a broader sense and context. It is important to talk about outcomes of all that expenditure. It is also important to talk about developments in terms of how it impacts on ordinary people in terms of life expectancy and infant mortality as well as access to clean water or number of students in the classrooms.

Mr Assistant Speaker, this Government, whilst producing the record envelope that we always talk about in terms of expenditure, obviously, we had to borrow because we wanted for the first time in a long while put real value of money against all the issues we constantly talk about.

These issues are no secret. We are always complaining about the transport sector, education sector as well as health sector. We always talk about utilities, electricity, water supply and the list goes on.

This Government's intention has been very clear and that is to create resource envelope. So we had to get the gas project over the line. We based a lot of our plans on the fact that we expected this massive LNG project to come through. We made preparation and borrowed with the expectations that at least huge revenue flow is coming through. But nobody predicted the collapse of the oil price.

No-one predicted that oil will collapse from over a hundred dollars per barrel down to \$27 and slowly come back and recover. These are circumstances that were not foreseen but it did not mean that we were wrong to go out and try and invest. We tried to live in free education and rebuilt the highways. We tried to record amounts of money right down to provincial government, local level government and the districts. We have taken it right down to the ward levels. It was not wrong to do so.

So, Mr Assistant Speaker, the intentions of this Government was clear. But of course circumstances change and we had to adapt to those changes.

I think to accuse the Government of reckless spending, calling this Budget a hoax is way off the mark, Mr Assistant Speaker.

As we table the rest of the reports and as the Treasurer questions the basis of the figures that are in his Budgets I want to remind you that these Budgets are prepared on the basis of international accounting standards. So just recently we updated those standards to the IMF Finance Statistic Manual 2014.

The 2016 National Budget commencing from there has been updated with the latest format in terms of international accounting standards. The treatment of liabilities for example, the treatment of GDP is based on international standards. Our Budgets are prepared on traditional methods and presented over many years.

Recently it has been further updated to bring it up to the international accounting standards. The GDP figures that we talk about have been also updated recently in 2013 based on the National Statistics Office and verified by the Australian Bureau of Statistics. These are the GDP figures which are presented in the reports and are updated by the Treasury Department.

So when you are talking about and criticising the basis of these figures and how the Budget books are presented, how the liabilities are treated and how you get

GDP are based on standard presentation. These GDP figures are certified internationally.

So I do not know where you get some of your figures from. This is how the Treasury, Planning and accounts are presented.

(Members interjecting)

Mr CHARLES ABEL – Mr Assistant Speaker, I thank the Treasurer for presenting this Budget again in difficult circumstances trying to maintain and stick to the *Fiscal Responsibility Act*. When we say the GDP is 28.8 per cent then that is correct because that is the actual figure. I think to cast other figures that you pulled out from somewhere is incorrect and misleading the people.

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Mr Assistant Speaker, those reports that have been presented are coming from National Planning and going around indicates the level of resources that have been committed sector by sector, it lists the Medium-Term Development Goals (MGD) and it talks about how this Government has been slowly but surely producing some achievements against those internationally recognised goals and also the goals that we have customise to our own country.

Mr Assistant Speaker, I want to quickly thank this Parliament as it is the last Budget we are presenting in this five year term, for the maturity that the Members of this House have shown particularly, in the wake of the situation I described earlier and the movement of the motion which was overwhelmingly defeated because to a large degree you need to political stability in order to develop a program and get the development program delivered to the expectation of our people.

This House has shown a lot of maturity through difficult times and I think it's only fair that the government is able, unless on exception of circumstances if a Prime Minister is on his sick bed or death bed that a government when it goes to the people and receives a mandate it should be given the opportunity to exercise that mandate and attempt to deliver the commitments it has made. Then, the government will go through and produce the reports and the outcomes against its efforts and rightly face the people and the people will make the appropriate judgement coming to election. So, I say

thank you to the maturity of this House again for supporting and providing that stability on the leadership of our Prime Minister that we have come this far.

Mr Assistant Speaker, I just remind us quickly that we have had a simple focus of this government in terms of that investment and outlook and it's just been education, infrastructure, health, law and order, economy, and as I have described we have gone out and created that envelope to invest in those underlying enablers to make sure that our country is able to achieve its full potential.

Through the Department of National Planning and Monitoring we are proud to capture the coalition commitment through the *Alotau Accord* into some simple priorities and those priorities have been captured into 16 critical areas;

1) is to get the planning and monitoring process right to align the political cycle with five year medium-term development plans and make sure that those medium-term development plans are linked to the annual budget through a law which is the *National Planning Act*,

2) we then went out to provide the financing, the envelope to finance these plans,

3) We looked at the procurement process implementation system to improve government procurement systems to promote smart partnership and to improve development partner coordination and things like developing a district development authority and bringing down provincial works unit and creating a district tenders board,

4) National priority infrastructure,

5) Education,

6) Health,

7) Law and Order,

8) Land and Housing,

9) SMEs,

10) Agriculture and Tourism,

11) Sub-National Government empowerment, which is the provincial governments, districts and local level government and council wards,

12) Public sector reforms,

13) Legislation programme that we have been conducting through Parliament, more legislations have been passed in this term of Parliament as ever before to support these developments,

14) Making sure the Papua New Guinea LNG Project was delivered over the line and then we established a sovereign wealth fund so that we have a mechanism in place when times are good we can start to put some money aside for the future,

15) SOE Reforms,

16) The development of our strategic assets and a sustainable economy, we also committed to and delivered a successful Pacific Games and we are in the process of preparing and developing for another significant international event which is the APEC 2018.

Mr Assistant Speaker, the simple overarching objectives have been and the Opposition Leader refers to the Vision 20;

1) To progress to being in the top 50 countries in terms of human development index by 2050, that comes straight from the Vision 2050,

2) To progress to be a middle income country by 2030 and

3) To be a world leader in responsible and sustainable development.

Mr Assistant Speaker, there is very specific targets established in the medium-term development plan 2 and as I said we know have an annual budget that make sure that the MTDP is linked to the National Budget.

One of the document that I presented today, is the medium-term development pocket book which has all the economic indicators in there and it has all the MTDP targets in there and how we are progressing towards them. As I said the MTDPs of government are now aligned to the political cycle. The incoming government now has a framework to establish its own MTDP which is linked to the *Constitution* and it is obliged through Law to produce facts and figures on annual basis that we can report back to our people.

Mr Assistant Speaker, just coming back to the expenditure envelope from 2013-2016, again this is in the other document that has also been presented here, on all the total expenditure over the last four years that have been listed there. I do not know if I will go through all of them but provincial government K14.397 billion, transport K6.354 billion, education K6 billion, health K5.73 billion et cetera represent a total envelope of K56.5 billion over four years which is a massive expenditure going on.

Mr Assistant Speaker, some of the achievements as a result is of this expenditure has been Papua New Guinea's human development index improving from .466 to .509 in 2014, GDP has grown from .475 billion in 2013 to 67 in 2016 or a 42 per cent growth in GDP.

Life expectancy from birth at the moment is 63 years but the upcoming demographic and health survey will update that further, infant mortality is 47 per every 1 000 live births, maternal mortality is at 215 per every 100 000 live births and as I have explained earlier through the MDG report it is quite a significant achievement over time because it is almost half of those particular indicators up to 2015.

Total net enrolment ratio for primary education stands at 83 per cent, the minimum wage was increased to K3.50 per hour from K2.29, tuition fee free education for primary, secondary and vocational schools has been introduced and maintained.

Free primary health care and subsidised secondary health services has been introduced and maintained.

The proportion of national roads sealed and in good condition has increased from 29 per cent for 2459 kilometres for 59 per cent of 5200 kilometres.

There has been a massive capital investment program into the national service delivery framework at the national and provincial level. If you look at the major towns and cities, Port Moresby with the seaports, the roads, the airport, electricity, the Port Moresby General Hospital, the Lae ports, the Lae Electricity, Hagen airport, Hagen Hospital, the administration they are building up there, the Hagen roads, nearly every provincial hospital has received funding every year for the first time. The universities are getting funding directly, teachers and nursing colleges are receiving direct funding and provincial, local-level government and districts have received increased functional grants and the world publicised capitalised SIP grants at record level and in 2017 in line with these government intentions to bring services right down to our people at the village level, we are now providing funding at ward council level with the WDC. Councillors and Village court magistrates are being put on payroll now. We are coming through DSIP to build elementary schools, aid-posts and now we are providing the councillors with a bit of money to maintain those assets by bringing the services right down to the people.

So, Mr Assistant Speaker, when you talk about borrowing and wasting it, we are not wasting it, we are trying our very best to bring the service right down to the doorstep of our people which is at the village level.

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Mr Assistant Speaker, as I have already said, in early 2017 and through the Department of National Planning and Monitoring we will deliver the final report on the updated Medium Term Development Plan based on the demographic and health survey that is underway as we speak. And, as I've said before, I believe that in terms of Human Development Index we will progress up the ladder in global terms because of the simple things like primary school attendance, growth in GDP and improvement in life expectancy which are the real things that impact upon the lives of our people.

Mr Assistant Speaker, I've mentioned the challenges and our outlook and approach in terms of creating that envelope and the anticipation of the revenue flows from dividends and corporate taxes. And to say that, those revenue flows are disappearing somewhere and are not coming in you have got to understand the reality. When the price of your resource internationally is cut in half what that translates into is that dividends and corporate income tax simply dry up. There are clear models that indicate that.

(Mr Kerenga Kua interjecting)

Mr CHARLES ABEL – That is what has happened. We have borrowed in anticipation, Member for Sinasina. We have borrowed in anticipation to create the investment. Nevertheless, economy is starting to turn around, the global economy is recovering, commodity prices are recovering and oil will eventually go up, and the outlook for Papua New Guinea is very clear and positive.

Mr Assistant Speaker, the current circumstances have been difficult and we acknowledge that factors have affected aggregate demand and economic growth. This is because there has been this softness in mineral prices and commodity prices and this is definitely and undoubtedly seen a fall in government revenue.

This is something that the government is not unconcerned about. We are concerned about the fact that we have large projects in hand, we are concerned about the fact that we need to look at our tax system and make sure that we are getting a due and fair return from those commodities. The Treasurer has come up with a range of income raising measures which are responding to the recent tax review. One is the response to the logging industry.

Mr Assistant Speaker, we need to put in place a regime that begins to encourage the sustainable development that the Opposition Leader is talking about to bring some of these industries onshore. We cannot just say, let's continue business as usual and just continue to allow our logs to go. We want to partner with the industry, yes, but we need to think and encourage the industry like fishing and logging because we need those investments onshore.

We don't want you creating jobs overseas like you have been doing for many years and we need a tax system that is designed to encourage them. So, if you export your tax then you get taxed more. We want you to process the logs in Papua New Guinea. We want you to create jobs in Papua New Guinea. We don't want our tuna shipped and we don't want our logs sent offshore and we need a regime that will encourage our investors. But it's got to be a responsible taxation regime because we have to work with our business partners.

Mr Assistant Speaker, there is an element there in our tax system to look and progress towards improving government revenue. And we are concerned about the issues going on and concerned about the effect on the foreign exchange availability. We are also concerned about the levels of debt, but that is why we are trying to stick to our *Fiscal Responsibility Act*. We have got clear guiding principles and the government has managed to keep within that 30 per cent debt to GDP ratio, which again has been said before, internationally it's very prudent.

You have mentioned developed economies of the USA, China and the other economies that you mentioned. If you look at their debt to GDP ratios they go into multiples in terms of debt to their GDP. We are keeping to 30 per cent and it is very responsible and great effort by the Treasurer.

Mr Assistant Speaker, as we go forward as a government and as we begin to rebuild this country on the back of our resource projects, as we begin a transition into a sustainable economy and get the government systems right so that the results and the facts and figures are coming out. We are talking on facts and figures, I think it is all part of a progressive government that is trying its very best to manage difficult global circumstances, a difficult political environment as well and to stay focused on some simple priorities. Simple priorities that are rebuilding this country from the village level up.

People like to criticise sometimes but the reality is, there are changes happening in this country at a rate that has never happened before. That is the reality because the Government has remained focused and we would not produce indicators like this.

(Mr Kerenga Kua interjecting)

Mr CHARLES ABEL – It was only in Alotau. This is spread throughout the country.

Mr Assistant Speaker, I commend this Budget and I congratulate the Treasurer. Also, I think that we are starting to make some sense on this side with facts and figures, rather than just with political points scoring and plucking numbers out of the air –

(Opposition Members interjecting)

Mr ASSISTANT SPEAKER – Minister, your time is up.

Mr CHARLES ABEL – Thank you, Mr Assistant Speaker.

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Mr BIRE KIMISOPA (Goroka) – Thank you, Mr Assistant Speaker, I'd like to make a few remarks about the 2017 Budget and suggest a few ways forward. I think bulk of the key issues were presented by Honourable Don Polye, leader of the Opposition. What's obvious to me is that the 2017 Budget suffers from a lack of integrity.

Having listened to the appropriation for 2016 and 2017 demanding the Treasury raises K21 billion as opposed to the fiscal envelope of K12.9 billion, we already have problems. In other words you'll be rushing to the Treasury trying to raise more money.

Mr Assistant Speaker, the Budget fails on two critical points; number one is affordability and number two is sustainability. Mr Assistant Speaker, it appears to me that when you budgeted for something, you ought to deliver on time. The record since 2013 is quite different, the GDP numbers which the Treasury Minister has highlighted are all lies. The 28.8 per cent is not the real number. If you take into account the loans

that are sitting on the off-balance sheet in the SOE, we have a different picture altogether. That's the picture we have in this country. It's not 28, it's roughly 56.

But let me come back to the Budget again in terms of the debt level. In 2012 the numbers are already false as it is. In 2014, the debt level was roughly around K 7.8 billion. All of a sudden the final outcome reported K8.5 billion, so we had an increase of K300 million. In 2013 the debt level was K11.6 billion. All of a sudden it shot up to K11.8 billion, that's another K230 million increase in the debt level. That's according to the budget outcome that comes roughly around June or July.

In 2014, the Government debt was about K13.9 billion. All of a sudden it showed up to K15.3 billion, so we have a K1.4 billion added up on to the existing debt. In 2015, what was presented by way of budget was K14.2 billion. All of a sudden it shot up to K19.4 billion, an increase of K3.7 billion so you can't believe your GDP numbers on this Floor. Your GDP numbers are already out.

Mr Assistant Speaker, any noble intention is always sincere and fair. If you have noble intention to fund something, you ought to fund it. There is no point in coming half way and presenting a Supplementary Budget hoping to rectify some of your problems during the year. And that has been the case last year and the year before last because we have been running to Central Bank trying to raise money to fund our operations, so literally, Mr Assistant Speaker, since 2013 onwards, we've been running Budgets purely driven by debt and deficit.

Mr Assistant Speaker, the bottom line is this, next year we will borrow, following year we will borrow, how long can we borrow? The debt level as it is, is K21 billion, that's as per the 2017 Budget.

We started for the record in 2011, we only recorded K7.4 billion and it took 38 years to accumulate K7.4 billion since independence. All of a sudden we shot up to K21 billion, that's more like K13 billion we added on. And in the process we are funding some of our noble intentions, health, education, the debt is climbing up, who will repay those debts? Mr Assistant Speaker, I will pay it, then my kids will pay it and the ones still hanging on our nose will pay it. The trend we are going, Mr Assistant Speaker, there must be a time we must be careful about the trajectory we are going, it's unsustainable.

So in other words, Mr Assistant Speaker, it fails on two points. One is affordability, can we afford it, and if we can afford it can we sustain it? The amount of

infrastructures we are dropping left, right and centre in this country, there is another critical issue called recurrent expenditure.

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And if we can afford it, can we sustain it? The amount of infrastructure we're dropping left, right and centre in this country, there's another critical issue called recurrent expenditure. Are we going to have money to fix all those things we are setting up or not?

Mr Assistant Speaker, the issue which is frightening for me, as I look at this Budget, since 2013 up to the 2017 Budget, is that total revenue, and I want to refer specifically to taxation revenue, tax on income and capital gains, tax on international trade tariff and duty, pay roll tax, if you lump all of those together, this is perhaps the barometer or the thermometer of the economy.

It has already tanked at about K8 billion or K9 billion. In 2013 it has trended or plateaued at around K9 billion every year and the trend will be the same. Once in a while, we may take a spike in tax revenue, if you take the grants in or if you take a generous contribution from the SOE in terms of dividends paid by SOEs then it may go up. But the revenue has already tanked at K9 billion, it is not increasing and it is not going up and it will not go up anytime soon so we ought to make some drastic decision.

The revenue is not going up so if there is any tangible proof that the economy is going then we have to know how many new jobs we have created in this country. These are the things we ought to know.

The private sector has lost interest in the economy that is why they have not gone into the bill and bond market, the treasury bill market issued by Central Bank to pick up the treasury bonds. The maturity of the treasury bond is about three years while those of the treasury bills are short term, like 90 days or 364 days at any one time. They are going in there taking bits and pieces because they have lost confidence. They have lost confidence in the government so they are withholding their money. So, the private sector is not growing now so the revenue is tanking now, it has plateaued.

So, there are a number of things we ought to do. First and foremost, and I've said this on a number of occasions, is to cut expenditure. We must cut expenditure, really cut it.

Now the problem with the 2017 Budget is that when we issued the 2016 Supplementary Budget we had not completed some of our pet projects in terms of the PSIP and DSIP. If we are having a critical cash flow problem, that will seep into the 2017 Budget.

That was the case in 2015 when some of the commitments were not paid, roughly about K400 million. All of a sudden that crept back into the 2016 Budget and wiped off the first lot of revenue that came into the Finance Department from January to March.

Now we are going to have the same problem again. Had we fixed the supplementary budget by capping off the DSIP and the PSIP we wouldn't have this problem. Then we can start fresh.

Mr Assistant Speaker, we have serious problems in terms of budget implementation and budget management. And it appears to me that the private sector, as a consequences of what we are doing, has suffered greatly and the issues are real and the issues are there. The private sector is not engaging in business, that is quite obvious as the Opposition Leader has alluded to, the banks are not lending because the interest rates are high, the PNG kina has depreciated substantially, cost of goods have gone up and there was a suggestion some time ago on the Floor that because we have provided free education to our children right throughout the country, hence there is substantial savings being given back to our people. There is no proof that our people are saving money because inflation is eating it away as well as the depreciation of the kina.

So, there is hardly any money for our people to save so what essentially our people are doing is trying to survive on a daily basis. Buying food from the stores in towns right across this country is a very difficult proposition.

Mr Assistant Speaker, Speaker, I realise I've got only –

Mr ASSISTANT SPEAKER – No, 11 minutes.

Mr BIRE KIMISOPA – Sorry, Mr Assistant Speaker, I'm awkwardly situated on this Chamber so I cannot see the time. Thank you, Mr Assistant Speaker, as I've said the revenue has tanked. This is the thermometer of the private sector. If the private sector is growing, then your GST will grow, employment will grow and as

a consequence you pay roll tax will grow. And then you income tax on profits will also grow.

MOTION BY LEAVE

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

Leave granted.

SUSPENSION OF STANDING ORDERS – ALTERATION OF HOUR OF SITTING

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

That so much of the Standing Orders be suspended as would prevent;

- (a) The Parliament sitting beyond 5.00 o'clock p.m. this afternoon, and;
- (b) The Parliament adjourning at any time one a motion from a minister.

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Debate resumed.

Mr BIRE KIMISOPA – Mr Assistant Speaker, thank you very much, can I just propose a few suggestion that I think would be helpful in trying to rectify some of the problems that we have.

Mr Assistant Speaker, it is obvious as I have alluded earlier, we need to cut expenses.

We need genuine cuts, if your tax revenue is about K10 billion a year and the cost of running Public Service is roughly K7 billion, simple mathematics will reveal that you are only left with K3 billion.

If you are going to fund the PSIP and DSIP, DSIP is roughly K890 million a year and PISP is half of that amount. So there you go, you are going to break even.

So, to meet some of our commitments in terms of APEC and capital investment by line agencies of the Government, we will be faced with the usual task of going back to Treasury and raising money. I think it is quite obvious that the idea where Treasury should go back and constantly raise money without proper sanction from the Parliament under *Section 209* of the *Constitution* is quite scary and this is a matter where it needs to be totally investigated. We need to strictly stick to the fiscal envelope.

If there is any adjustment, Mr Assistant Speaker, that we ought to make, it must be made through the Supplementary Budget and the proper timing for a Supplementary Budget under the *Fiscal Responsibility Act* as part of good governance requirements is, you ought to bring the Supplementary Budget at least two or three months before the mid-year, which is in June and preferably around March or April.

You can't bring the Supplementary Budget after June and have it tabled in August. You said, you spent the money already, so what are you trying to correct? You are artificially trying to correct the books.

Therefore, your deficit is constantly changing as well as your debts. The government debt is also changing as what was presented in Parliament and is cleared by *Section 209* as part of the appropriation. All of a sudden, the final budget outcome comes along and tells us a different story altogether. So these are the things that we need to rectify.

Mr Assistant Speaker, the other issue that I have with this Budget and perhaps going forward in the years to come, we have to shrink the size of the extracting industry, in terms of tax concessions, tax exemptions and tax holidays.

Ramu Nickel will not be paying any taxes, not in the next ten years, the exemptions enjoyed by our friends LNG partners is locked.

There won't any taxes coming in, we are giving too much to the sector and all of a sudden, this sector will ruin us.

Mr Assistant Speaker, we are lesser country without them. Well they said, you cannot be a big country without us but we should be a big country in terms of agriculture and SMEs.

This is the way we should be heading, all our concentration should be going to agriculture. Why should we be giving the extractive industry all kinds of exemptions and tax holidays?

Mr Assistant Speaker, these are issues that you need to carefully look at the fiscal envelope and see if it is stirring. If it is stirring, it also has a hole in the fiscal envelope. These are some of the things that we have to look at.

Mr Assistant Speaker, another thing is that I have said this on a number of occasions by way of debate on this Floor. We have to cap the population; every Papua New Guineans need to abide by this so that we can control the expenses that we put into education, for instance.

Mr Assistant Speaker, if you have four kids, the government should be allowed to fund for only two while the extra two you, pay for it. So, we bring a cap in and cut back, otherwise we will be borrowing money to pay for education.

Mr Assistant Speaker, our people were happy paying school fees until we came alone and said, no, take your hands off, we will pay for you but we have to cap the population.

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Mr Assistant Speaker, in that way in the years to come, if we don't manage the Budget properly, you will have a population growth far exceeding 3 per cent growth ratio and there will be a major problem in this country because there won't be enough jobs and money around. I acknowledge the National Planning Minister making considerable efforts in trying to arrive at that.

It is in our mutual interest that we ought to realize that the fiscal envelope is insufficient and cannot cater for everyone.

That is why it is important that we have a meaningful conversation about capturing the population.

Mr Assistant Speaker, I am suggesting that if you have four or five kids, the State should pay for two and you yourself should pay for the rest. So that way in the years to come Papua New Guineans will know that they will confine the family to smaller families. A smaller family is enough for us to manage.

Mr Assistant Speaker, I'd like to conclude by making my last suggestion to the National Government.

For goodness sake, sell the Oil Search shares. We need the money. Oil Search shares are trading roughly at \$7 and I don't know who's paying for the margin core.

We bought 149 million shares at \$8.20 and it's not going to be a 20-20 company in the near future. It can go up to \$8-\$9 maybe but not \$20.

Mr Assistant Speaker, it is high time we sell the shares and get out of Oil Search. We are a bigger country than the extractive industry. We should just get our K3 billion for what it is worth. If it's less fine, let's get the money and put it back into the Government revenues because we've got critical problems in this country to fund the size of our Budget.

Mr NICK KUMAN (Gumine – Minister for Education) – Mr Assistant Speaker, I also rise to contribute to this 2017 Budget debate.

I noticed in the Opposition Leaders Budget reply he forgot that 2017 is the National General Elections Year.

Every Government that frames the Budget before the Election year is framed to make sure that they win back the Seats and govern the country.

I don't like the idea where we brand the Budgets as deceptive, scam and so on. This branding is not giving credit to where it is due.

This is responsible Government consistently from 2012 and we have delivered a consistent Budget. When we talk about DSIP, PSIP, LLGSIP and now the money is going down right to the control of ward councillors. Those are money that's going down to the people of this country. The Opposition and all the leaders should be happy.

This Government did not frame the Budget for PNC to come into Government. We framed the Budget to deliver to the 8 million people of this country. We have expended a lot more money in the last few years in LLGSIP, DSIP PSIP and you see a lot more classrooms, teachers housing, more aid posts in the rural districts, a lot of roads, a lot of bridges, a lot of jetties; these are this Government's doing.

Those policies created by the former treasurer with the Prime Minister and two other economic Ministers at that time will continue to remain until we go into the elections.

Mr Assistant Speaker, the Leader of the Opposition should give credit to where it is due because we did not devise the Budget to win back the 2017 Elections. But I must say that we will still win the elections not because of this Budget but because of the deliveries that the people of this country are now enjoying.

The amount of money we have spent in the last four years in the 89 districts is unprecedented. Which Government has spent that much amount of money? There has always been a bottomless pit in Waigani swamp in the last 40 years.

Today you see a lot more children going to schools in Kandep, Gumine and Ialibu-Pangia. The retention rate of school girls today is far better than what it was in 2012.

Mr Assistant Speaker, let me debate on Education matters because frankly he was part and partial of these policies when we introduced the TFF Policy.

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These are the policies that he was part of when he was with the Government and when the TFF policy was introduced. The primary duty of every government is to create opportunity for every Papua New Guinean in the availability, youth and the development of the natural resources that we have.

The key resources of every nation is the human resource and the most important resource of human resource are the children of Papua New Guinea. Education standard has declined before 2012.

Mr Assistant Speaker, successive governments have made attempts to improve the decline, unfortunately, they looked at the system and came with some broad ideas from somewhere else outside of this country. For example, the outcome base curriculum that never worked for the children of Papua New Guinea. A lot of children were not able to enter tertiary institution.

The number of teachers graduating from teaching training colleges are all grade 10's and their GPA's are far lower than 2.5. So they are not able to master the contents of the subjects that they are supposed to teach in the system.

Mr Assistant Speaker, the way forward for all these things is there is a need to ensure quality education. I want to assure this Parliament and the people of this country that education system that is now being offered is compatible globally.

There is a remarkable breakthrough. We have to put together structural reforms and I want to assure you that we are now concentrating on bringing about quality outcome education.

The TFF, DSIP and PSIP that goes to the provinces and district are now being used to build classrooms to cater for enrolments. So we are building capacity and room for growth within the education system. We are also allowing more students to enter teacher training institutions. So there will be no more grade 10 graduates entering teachers colleges. We will be allowing only grade 12 graduates to enter the teaching profession.

We are also running a program with the University of Goroka to train high school and secondary high school teachers. If you want to become a teacher, content orientation program must be taught at that university. We do not want to see general teachers entering the education system.

Mr Assistant Speaker, you can see that the reform on the Outcome Base System reflects the standard base curriculum. In 2015 we started from the elementary school and this will continue until 2019. By 2019 we should be able to have the entire elementary school to grade 12 standard base education.

We also tied up the curriculum. So the curriculum is rewritten starting from elementary up to the primary level. So this will continue until 2019.

As part of the Government's continuity to invest, we have serious problems with maths and science subjects. The last 10 years we have seen a drop in science and maths outcome. The Government is now investing into maths and science program. In 2017 you will see that we have made a deliberate decision to ensure that there is funding available to build science labs throughout the country.

We will start next year and this will go on for five years.

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(Opposition Members Interrupting)

Mr NICK KUMAN – This is the Budget so don't worry, your time will come, 20 minutes for every member so that is the right I have.

I want to commend this Government for the TFF which is going to continue into 2017. It is not about giving relief to our parents but it is all about making sure that our children in this country are educated.

We will see a lot more children entering the school system. As I said in the earlier remark, the TFF Policy is the way forward for this country. When we invest in education sector you know that our children in this country are the future leaders of this country so you got to invest in the education sector to ensure to give them good education and they will solve a lot of problems in this country, like the social problems that we are faced with.

I want to commend this Government again for this education policy which has featured well since 2012 and it will continue to do that going into 2017 and beyond.

Thank you.

Mr GARRY JUFFA (Northern) – Thank you, Mr Acting Speaker. I wish to make a few remarks in regards to Budget 2017.

I want to thank the Opposition Leader for his response, I would also like to thank the Public Servants who worked hard to put this Budget together, and it was certainly not an easy task.

I want to focus on a few areas of health, law and order and revenue and I will touch on education.

Firstly, let me correct the Minister for Education, he said that the fundamental role of any government is to provide opportunities, yes, it is important but the fundamental role for any government is to actually save lives.

Having said that let us talk about the health sector. Eight-five per cent of our people live in the rural areas, we have seen a significant cut in the 2017 Budget of K98 million which brings the amount of the health component to less than what was allocated in 2015.

In 2016 the amount was K619 million. Population has increased and if you look at a consecutive rate of 2 per cent and a consecutive estimate of 9 million, the population would have increased by about 600 000 Papua New Guineans. We are denying these people the services that they are due especially those in the rural areas.

Each and every one of us come from tribes, clans and villages and I am sure that you will all agree that when you go back home to your rural areas, districts and stations you will see that the situation is very different from what we believe when we are here in Port Moresby.

Let me talk about July 2016, when there was significant cuts to the church programs which posed significant challenge to our people in the rural areas.

Church-run health services which fill in the gaps where the government is unable to serve a population had to shut down and workers were not paid for months because the churches had to lay them off. It cost the ordinary citizen a significant amount of money that they did not have just to go to the nearest hospitals; those were the elderly, women and children.

We cannot cut down on health budget, we cannot do this to our people because they do not deserve this.

So, I want to appeal to my colleagues on that side to talk to your government, to speak to your Prime Minister and his team, they are humans, they have hearts, they

can listen to you so you can appeal to them because you were elected to be leaders, not followers or to be silent, sit and say nothing.

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They have hearts, they can listen to you and you can appeal because you were elected to be leaders and not followers, and not to be silent and sit and say nothing. You are expected to also raise your concern about your people and what is happening out there, and speak to the Prime Minister. He is a person who listens and he can listen to you.

(Laughter in the Chamber)

Mr GARRY JUFFA – Gentlemen and ladies, this is not a joke. We are talking about the health of our people. There are people who die out there. You can laugh and smile but there are people out there who are suffering from this. It is not something to laugh at. We are talking about life here.

When I am in Popondetta I call my hospital and I go and see them when I am sick. My two Open Members do the same thing, they will tell you, and I would like you all to go home to wherever you are from and try to do that. Then you might be able to associate yourself with the difficulties that our people face in the real world and not in the utopian world that some of you like to paint here.

So, let me offer a few solutions. Here is one way to make some savings so that we give back to the Health Department:

(1) We can review the activities of the Central Supplies and Tenders Board which is competing with other entities in this country and other parts of the world to be most corrupt organisation in the world. This entity is dishing out inflated contracts left-right and centre at will and whim to dubious companies.

Roads that should cost K10 million end up costing K70 million, for example. Buildings that should cost K30 million end up costing K120 million and so forth. If we make savings from these reviews we can be able to give these money back to our people who deserve doctors, nurses and medicine. They deserve the attention and we are failing to give them that in this Budget in so far as health is concerned.

In regards with law and order, I have noticed that there has not been much of an increase in the allocation given to our law enforcement agencies, especially the Police.

Already you will note that as per the United Nations recommendations, our ration of policemen to population is very poor. It is supposed to be one policeman per every 400 citizens.

In Papua New Guinea it is one to 1, 200 and in Oro Province it is one to 2100. What are we doing about this situation? A lot of the provinces are suffering from the very necessary and vital funds that they need to be able to police. When they are not out there policing it then creates law and order issues.

People are frustrated and taking the law into their own hands. For instance, in my province and in my home right now, there is burning of houses taking place and one man has been killed. This is because there are no policemen in Kokoda Station. They were unable to cope with what was going on there. This is just an example because many districts are facing these situations and I am sure all of you will agree.

And this is where you the government have the opportunity during caucus and during those meetings that you have with the Prime Minister, one on one basis, and instead of talking about your pet projects, talk about the realities that our people face. And appeal to them and appeal to their humanities and to their hearts.

Go and see Sir Puka Temu because he is a very philosophical man, He will give you some pointers on how to structure your arguments in such a way that it will make even the Prime Minister listen to you.

(Laughter in the Chamber)

MR GARRY JUFFA – We must create a Ministry of Philosophy and appoint Sir Puka Temu. If we can budget this in the 2017 Budget it would be very useful for all of us.

Now, let me go and talk about revenue and I would like to thank the Government for their efforts in the changes and amendments that they have made. They have taken consideration of the Tax Review Committee's work, not all of it but some of it.

However, I have a few pointers here and I have said this to the secretary for Treasury on a number of occasions and to some of you, I have offered my services for free. What we need to do with revenue is to take a more pro-active effort. Right now we are over taxing those who are honest enough to turn up and pay their taxes. Meanwhile, those who don't pay their taxes are getting away scot-free.

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Let's name some of them, for example, the foreign entities that own substantial properties here and made significant amount of revenues on those properties, no one taxed those guys. If you were to review the industries like Fisheries, Forestry, hardly nobody taxed those guys. When were the last audits conducted? I can tell you, not in the last five or ten years.

Mr Assistant Speaker, this new tax that you have imposed, and there is a play being acted out in the media where the Forestry sector appears to be agitated about what is happening but they are giggling to themselves because they know that nothing will be done about the evasion of taxes through transfer pricing and so-forth because nobody actually made some efforts to go and check the ships to find out if those logs that are being exported are classified according to the cubic meter, the species and so forth.

Mr Assistant Speaker, there are many other entities that are not paying their taxes. A significant horde of consultants come into this country on business visas and therefore do not pay taxes.

There are number of companies here who are paying their workers half in cash and half in the books so they pay only half of the tax per individual. What you need to do is to restructure the IRC so that it has in place not a passive taxation regime but an assertive proactive taxation regime. By doing that you can afford your tax to be dropped from the current 48 per cent company tax which is the highest in the region, probably one of the highest in the world to a more affordable amount where you can attract investors who are genuine and will be willing to pay. Then you move around and take pecuniary action by having constructive proactive audits conducted on a regular basis. You will see the cash flow in. Significant number of companies are not paying their tax. I will estimate that only 30 per cent of companies are paying their tax and they are the ones that we are punishing them.

Mr Assistant Speaker, now according to the Planning Minister who said that we should go cap in hand and ask very nicely, please pay your taxes, this is not going to happen. You got to turn up any time, you have the powers under the *Income Tax Act* and ask to audit their books right now.

Mr Assistant Speaker, those who are not paying their tax, pecuniary action must be taken immediately. They must pay with 100 per cent penalty. That's not been done, hardly ever. Revenue raises the amount that they need to carry out their work.

Run this economy like a business and you will see significant revenues flow into our coffers. Then you will not hear critical statements made by this side of the House because everyone will be happy more or less taking care of their responsibilities.

We cannot take a passive approach to taxation to revenue raising. Example, in Australia, the arm forces is roughly around 30 000, the Australian tax office has around 36 000 officers. How many do we have, hardly any. Most of them are constantly taken by the private sector because we keep paying them K7 fortnight housing allowance.

When I asked this question last time, Sir Puka Temu answered in a very nice way that we must take a holistic approach. We've been taking a holistic approach forever with K7 housing allowance. You are not going to cultivate loyalty in your workers if you pay them K7 housing allowance. Most of them are living in settlements and villages. You can live at Touaguba and have fancy tea with Djoko Tjandra in a hotel, these people cannot. How do you expect them to be loyal to work and to be committed? We must look after them. That's what we must do with revenue, that's what we must do with our economy. We must take ownership of our economy. Right now we don't own our economy. We achieved some sort of independence in 1975 but we have never achieved economic independence. That is yet too happened. That is up to you, it will take up to 200 years.

Sir Puka Temu interjecting

Mr GARRY JUFFA – Minister for philosophy, please be quite, let me finish what I have to say because I don't have the time you have. Those are my comments to those matters and I want to thank the Government for the effort they are making. It's not easy, most of you work hard, but I want to encourage my colleagues here, please speak up. You came into this Parliament to be leaders to speak up to represent your people, please do that.

Mr JOE SUNGI (Nuku) – I wish to convey my sincere condolence on behalf of my family and the people of Nuku to the people of South Fly and the family on the sudden passing of the late Aide Ganasi, the Deputy Speaker of the National Parliament.

Mr Assistant Speaker, I'd like to make a positive support and remark on the historic distribution of the wealth of this country down to the lowest level of this country at the ward level.

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Mr Assistant Speaker, we are here as colleagues, brothers and sisters who have been appointed leaders of this country and unfortunately life is not in our hands, God gives it and he takes it so I wish to acknowledge and pass my condolences to the people of South Fly and his family.

I'd like to make a positive remark and support this historic distribution of the wealth of this country down to the lowest level of this country's government, to the wards. As a Member who has served all my life as a public servant in the province, Mr Assistant Speaker, this is the time that I think we have connected, Papua New Guinea has committed with the walk of the Israelites into the promised land.

The reforms which began with Sir Michael and has been continued with other preceding leaders had one simple aim, it is to go down and touch our people. It's not about so much up there.

Yes, we have three levels of government. We have the National Government, or central government, we have the provincial governments and we have the district administration in between the local level governments. All these three levels of government are aimed at delivering services to our people and these people are placed in the villages and in the wards. They don't hang around in the provincial governments, nor do they hang around in the local level governments, they live in the villages and the wards.

The organic law reforms has actually got the structures right, the funding has actually not followed the reforms for a long time.

So, Mr Assistant Speaker, first of all, I want to thank our Prime Minister and our other Ministers and most importantly my Minister and the Deputy Prime Minister. We have gotten a submission through and with the support from NEC, I must say that I am impressed with my Treasurer and my leader who has handed down this Budget. I must say that he has put the icing on the cake where it matters the most, to the rural population of this country. Everything said in the National Budget, Provincial Budgets and the LLG Budgets will have no meaning if it does not reach our lowest government structure; in the wards. They only hear about it but they don't touch it.

There are 89 of us sitting here as Open Members, when there is a problem in any remote village in Papua New Guinea they run to the districts. The first person they will run to is the ward member, no one else. Waigani is too far, the provincial centres are too far, the closest form of leadership to the people are the ward members.

So, I'd like to commend this government, this is a step in the right direction. Although it's late but as I have said, it took the Israelites 40 years in the wilderness, Papua New Guinea has also walked for 40 years, we just turn 40 years last year, and we are now across.

You are complaining about money, but what has happened to the DSIP and PSIP? On record, Mr Assistant Speaker, the Finance Minister has informed us that last year and the year gone by he has remitted K30 million to all the districts, this K30 million has been dished out from the public purse to the districts. When I was provincial administrator I hardly see this type of money in any districts.

It is hard to find, when you create programmes in the name of national programmes. I don't want to name them, you will find the only the minister and the secretary will eat that money. This is the government that, instead of creating national programmes for some ministers and their secretaries and cronies to eat from that programme it is putting money straight to the districts, LLGs and the wards. There is no politics involved in that.

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Mr Assistant Speaker, this is our last Budget before we go to the elections. I told my people from Nuku that if I don't achieve the things that put on my campaign posters, I will not contest the coming election. I had told them that when I get into Parliament, I will be with the Government and ensure that funds trickle down to the district to build our roads.

Last week, when I went home to the village to meet with the people constructing the road, mothers cried. If we hadn't received the DSIP funds, we would not have built this road. It's really hard to get it from the Provincial Government and you will also never get it from the National Planning, it is very difficult. This money is at our disposal at the districts and yet, you are complaining about money for Health and the Education in your areas. What has happen to the DSIP? That's the question, because there was no such funding before, nothing it was not there.

Mr Assistant Speaker, I would like to say that the money is there so why are you asking for another money? For me, I think, I have enough money.

Mr Assistant Speaker, I would like to commend this Budget because it continues to fund district with K10 million next year, it continues to give money to LLG and to Provincial PSIPs and the historical K10, 000 kina to each ward.

Mr Assistant Speaker, I have already started in my districts each from 2013, 2014, 2015 and even this year to allocate K20, 000 to each ward. So, this is basically putting on top of what I have already started. It is simple, basically addressing the *Constitution* where it talks about equal distribution of wealth.

Mr Assistant Speaker, the question is how is it distributed equally? It is now very clear that when you put the money equally to the wards, you will always be equal. The provincial funding that you give to the PSIP is still not equal because the population in some provinces are bigger or smaller so you will never be equal.

At the district level and national level, you will never be equal but when you go down to the wards where a ward has a population of 800 to 2000 and when you distribute the money equally, you are addressing Constitution of this country which says equal distribution of the national wealth.

Mr Assistant Speaker, so my calculation is K60 million comes out as 0.05 per cent of the allocation. The World Bank programme right now that is funding the wards in the two provinces in Western and Central Provinces basically recommends that the minimum amount of money that should be allocated to a ward is K50 000. Now, I am not saying this not enough. The good thing that I would like commend this Government for is that it is already making a start and it starts next year.

So most of us talk sweet and we pretend that we have no villages but it is the villages that mandate Members. When you look at so many budgets over the 41 years, none of it has gone down to the villages and wards. Now you can see money going straight to the ward. We say that the ward councillors are just there without any funding but now this Government is funding them.

Mr Assistant Speaker, whether you politics or whatever, the most important thing is to make sure those people that basically represent us on the ground, with the people are properly compensated.

Mr Assistant Speaker, as I have stated already, I don't know about other Members but I am happy with the Budget because it trickles down to where it matters the most and it is the wards. What is the point of paying them salaries or allowances

when they don't have any money for their projects? Now they have money to work and we should give the responsibilities to them. If we increase their funding and we should tell them to look after the school or aid-post.

Mr Assistant Speaker, I am very happy with the Budget as it is our last. Some of us are first timers and we want to go for election and I'm really confident of the 2017 Budget handed down by the Treasurer with the support of the Prime Minister.

40/09

Let me commend the O'Neill-Dion Government and for the first time in years we are seeing the trickling down of funds right down to the Ward Level and this is the first time in our history and should be embraced and appreciated much. We have the structure that is in place and we should support it with the money. I have only talked about the area where I have keen interest and although it is K10 000 for each ward, I know we can increase it to K50 000 once districts properly plan and make good use of these first allocation.

Thank you.

Mr BELDEN NAMAHI (Vanimu-Green) – Mr Assistant Speaker, let me commend the O'Neill-Dion Government, the Prime Minister and the Treasurer for introducing this Budget.

I also thank the Opposition Leader for presenting a very constructive debate and response for today. I concur with a lot of the things he presented today.

Mr Assistant Speaker, I have stood up here on this Floor of Parliament and I have debated on the many Budgets, challenging the Government and warning the nation that there will be tough economic situations ahead.

Mr Assistant Speaker, when we begin to borrow uncontrollably and spend without proper budgetary process we will reach that tough economic situation.

Mr Assistant Speaker, the ball is in the National Planning Minister's court to provide the Government of the day with realistic statistics, so that the Budget is aligned with the statistics, whether it is in the oil sector, the education sector, agriculture and et cetera.

Today the National Planning Minister highlighted global statistics from Australian National Bureau Statistics. These information should just be writings on

the wall as your reference but you have to have realistic statistics of the situations affecting our people back in our rural population.

This is the very same Minister that didn't trust his National Statistics Office when he withdrew more than K200 million in NID funds because he suspected them of misusing it. So how can he trust that office and he is relying on their statistics?

Mr Assistant Speaker, this is the same Minister that diverts all the development funds and foreign aid to one province and district and that is Alotau District.

Mr Assistant Speaker, in future I want the National Planning Minister to be fair in the equal distribution of our wealth.

If there is any good thing in this Budget, it is the Government's tax measures that I find is a good step forward. I have always said that credit must be given where it is due.

Last week I held a press conference against my Opposition Leader for the APEC Meeting. When the Government of the day commits the country whether we are in the Opposition or in Government we are committed as nation.

Mr Assistant Speaker, what I am trying to emphasize is the need for constructive debates. We must agree to agree and we must also agree to disagree. In this particular Budget, I find the tax regime very good for the country.

I have seen in the last two days the Forestry Industry Association making headlines in the newspapers. I am sorry, even with the Member for Kavieng sitting here I have to criticize, because we are not defending the interests of the people but we are defending the interest of somebody else.

41/09

Mr Assistant Speaker, it is high time that this country will think collectively and do things that will bring our country forward. It is high time that we take the interest of our people as number one and not our own interest. I have always been talking for the last five years but you never listen to me.

Mr Assistant Speaker, if anyone has to jump up and down about the increase in tax, it is supposed to be me but I am not jumpy. I am agreeing because it is the right thing to do for our people.

Our resources have long being exploited and our foreign developers have continued to benefit at our ignorance. You do not have to look far. They have built empires. You just go to Vision City or Stanley Hotel but when it comes to national

issue this paper is not covering them. They are only covering their own issues and putting them in the front pages.

Mr Assistant Speaker, we should do more than just increasing tax. If we want to increase our revenue and pay back our loans that we have borrowed, we need to seriously look at resource loss in this country. Resource loss where we have our resource owners become participants. They become equity participants in the resources.

Today I see that there are two players: the foreigner developer and the State being the referee and the player as well. We should change that. State must become the referee. The resource owners and the developers become the players on the playground.

In the mining, oil and gas industries, we have adapted the crown law. We have not reviewed those laws. Crown law is where the Queen owns the land. We only own up to six feet. My goodness the six feet is our graveyard.

When we are born and into this country, God said you are stewards over your land. You will maximise the use of your resources and benefit yourself. How can we only have right to six feet underground?

If we give back the resources to our people and government becomes the tax collectors, we will not worry about money in this country. I know this is the last Budget for the Ninth Parliament but I hope that the next government that comes after the 2017 National Elections seriously take into consideration reviewing the money laws, oil and gas laws and all the resources law.

In the oil and gas, we have been given option to buy 22.5 per cent but why giving us the option when we have to go out of this country to borrow money to come and finance our resources. We shouldn't be. Our landowners should be straight equity participants in the resources.

In the mining sector too we are given option to buy 30 per cent. We should be free equity participants in those resources because that is where the revenue base is. Why are we going out to borrow?

If we amend those laws and get rid of this crown law and give the rights to our people to 100 per cent, which of the developer that comes in and partner with our resource owners, we will see real money. Today, our resource owners are by-standers.

I want to thank God for the Prime Minister and the Cabinet's decision for the cancellation of SABL in this country.

42/09

I hope you do not withdraw that decision again because I will be very suspicious if you withdraw those decisions because it will now give a level playing field for those resource owners to negotiate better terms and conditions and what will happen is that this country is going to collect tax.

So, Mr Prime Minister, thanks to you and your government for that decision, it is the right decision for our people.

Mr Assistant Speaker, this country really needs to look at the resource laws of our country, we should now stop borrowing from outside.

In the mining, oil and gas sector, we should set up a department where professional Papua New Guineans such as the geologists, the mining engineers and all the top Papua New Guineans to manage this office. We should do the explorations ourselves and discover the resources, put it on the market and invite the developers to come in. It is not impossible, in fact you go to Australia, Vietnam and Cambodia in all the Mining fields you will see Papua New Guinean Professionals working out there. They are going out of the country because we are not creating that avenue for them. We should go and discover the resources ourselves and we say, yes, you can come in and take 49 per cent and we own 51 per cent. Is it impossible? I say no, we can do it.

Mr Assistant Speaker, we can debate all day criticising Government of the day but we have got to look for ways forward or options available to us. We are a very rich nation, where you see one resource that is available in each part of the world but in Papua New Guinea we have all the resources in this country, we are so blessed but yet we are so poor.

We need to work together, we need a collective approach as a nation, and we need bi-partisan approach in everything that we do. The Government must involve Opposition in any National issue and in that way there is no suspicion of distrust. Even in the formulating of the Budget, you must involve Opposition.

Mr Assistant Speaker, let us not play to the hands of foreign exploiters while we respect our development partners, we must protect the interest of our people.

Mr Assistant Speaker, I discovered in the last Budget since 2013 up till now is that we have not invested well in the infrastructure.

Yes, I agree that we have to build more roads in NCD but what happened to the Highlands highway; the blood vein of this country?

For me fixing the Highlands Highway, if we were to allocate money to the Highlands Highway that is where you will get return on investment. We do not just build roads into nowhere where we do not get return on investments, we do not build bridges where there is no return on investments, we got to prioritise where we invest because we need return on investment. Highlands Highway is dying, it is shocking that this Government has committed in the earlier years that it was going to put money in the Highlands Highway but I am shocked because I have travelled up and down the Highlands Highway in the last couple of weeks and I cried because the coffee and the tea that is supposed to be exported down to Lae take time to travel down, vehicles break down, trucks break down.

That is where we should be investing, that is where we get returns on investment it is a sad case and we should be collecting more tax on road safety, we should do it properly.

43/09

These road safety officers get busy every week and every day collecting K5. We should come up with a pro-active approach in how to address this issue about roads in the country.

Mr Assistant Speaker, I would like to commend the Prime Minister and Treasurer for introducing pro-active tax measures in this country. The increase in the log export tax is a good step in the right direction. The increase in alcohol and tobacco tax, the increase in the taxable component of employer provided housing benefits and also the rampant additional profits tax. These are good measures that we in the Opposition should commend the Government for.

(Government Members interjecting)

Mr BELDEN NAMAHA – Mr Assistant Speaker, I wish to end here by saying that, when we debate issues we must commend the Government or the Opposition when things are done in the interest of the country, and if there needs to be criticism then we must criticise.

Nevertheless, today, I would like to leave something for the Planning Minister that he needs to really work on. The Statistics Office – it's not funny. If you want to come up with a realistic Budget you need to have realistic statistics.

Thank you, Mr Assistant Speaker.

Mr PETER O'NEILL (Ialibu-Pangia – Prime Minister) – Thank you, Mr Assistant Speaker, and thank you for giving me the opportunity to say a few words.

Mr Assistant Speaker, I did not plan to speak today because of the circumstances of losing our Deputy Speaker and many of us including Members of this Parliament are in mourning. Nevertheless, we should not be debating this Budget today but it is generally the tradition of annual Budgets that we give the Opposition the opportunity to reply then we adjourn for one week.

Therefore, we are here today and I just want to support the Treasurer and his team of Ministers for a very pro-active and constructive Budget that they presented to this Parliament. I do not want to labour on some of the issues that other colleagues have put forward to Parliament already debated on.

Mr Assistant Speaker, nevertheless, it is important that we get the facts right. Therefore, I would like to use this opportunity to correct some of the facts that the Opposition Leader presented to this Parliament in a 65-page Opposition Reply on the Budget. I do believe that this would be one of the longest reply in the history of this Parliament. I have been the Opposition Leader for four years and I've responded to four Budgets and many Supplementary Budgets. Our two former Prime Ministers who are also here have been also Opposition Leaders and they have also responded to many Budgets. But Budget replies are opportunities for the Opposition to articulate their policies and what they are going to do for their country as an alternative government.

That is the meaning of this particular reply. It is the foremost policy document that gives opportunity for government when it presents the Budget and the Opposition when it replies to it. But when you look at this 65-page document, and I only refer you to the last two pages, with all the statements that he has made, he only summarises by saying this on page 64, item number seven, 'the Opposition's plan to rectify the situation in the country'.

I quote, 'This Budget needs to be redone so that we can focus on the following areas; give priority to agriculture, aquaculture, livestock, tourism, SMEs and a proper policy and strategies to be developed to grow this sector, sustainable export import base and to grow MSMEs, establish sound economic management systems, clean

government mechanisms, strengthen the rule of law and constitutional offices; Ombudsman, Judiciary, Public Prosecutor, et cetera so that we can transfer skills.

44-09

That is the plan of the alternate Government of the day. I didn't quite get it because if that is the kind of alternate policy we have, I feel sorry for our country. Because it really says nothing, Mr Assistant Speaker.

I want to commend the Treasurer and his team because the Treasurer has formulated this Budget. Over the last few years we have been trying to establish Papua New Guinean economist and technical professional people to run the Budget themselves. As a result we have done away with some of the advisors that we used to allow them to prepare the Budget for us.

Today I stand here proud with the Treasurer saying that only Papua New Guineans have prepared this Budget that is well accepted by all economic professionals in the country and outside the country; they have done a great job.

Secondly, I also commend the Planning Minister because as the former Opposition Leader correctly said, we used to have no faith in the National Statistical Office and he is quite right. Many times we used to complain about them not getting the Census right including any of the economic documents they are empowered by the *Constitution* to do so. But today I stand here proud that at least National Statistical office is functioning because of the efforts that the Minister and his team has put in. So today you see some data that is comparable to anybody. I know that they are getting some advisors who are helping there and they are not preparing the final documentation for us, our own people are doing that. But this is vetted by Australian Bureau of Statistics, some of our development partners and they give credibility to the statistics given to us so that we can formulate the Budget on behalf of our nation.

So, Mr Assistant Speaker, we have to do more but we have to keep building. And these are institutions of government like the Economic Fiscal Economic Commission, National Statistical Office and Central Bank, They are independent bodies mandated by law to collect data so that we can get it together to formulate policies and budget for the future of our nation.

For the first time, many of these institutions are working and we need to do more. I know these are Papua New Guineans who worked under extreme pressures and challenges. But they are able to produce these outcomes we are working on. One

of them is the recent IMF visit also agreed about the growth of economy in our country.

When we took office in 2012 and in the first year of performance, we had a GDP of K47.4 billion in 2013 and that's when the Opposition Leader was our Treasurer and the economy was doing well at that time. In fact our economy grew at about 89 per cent in 2012 to 2013. Those are documents in Volume 1 in page 4.

In 2014 the economy grew to K56.8 billion in GDP. In 2015 it grew to K64.1 billion. In 2016 this year, by the end of the year it is expected to grow to K67.1 billion and in 2017 it supposed to grow to K74.9 billion. What it indicates to me is we almost doubled the size of our economy from 2013 to today. Now that is a remarkable achievement by any global standards. These are the figures that has been vetted by all these international development partners to suggest that our economy continues to grow.

Yes, there are challenging times, but when you go around the country you can see construction work going on everywhere, whether it be in the districts or at the wards or in the provinces or our cities.

45/09

These are creating employment for our people and the economy is continuing to grow. Even in 2015, Mr Assistant Speaker, our economy grew almost 12 per cent, just over 11 per cent and we've budgeted for a complete slowdown in 2016, all the way down to two per cent but that is a very, very conservative estimate.

I can assure you, even though the Opposition Leader is jumping up and down but I can assure you that the figures, when they come at the end of the year, will be a pleasant surprise to you.

It is better not to count your chickens too early, it is better to wait until the results come out so you can get to see how the economy is performing.

Mr Assistant Speaker, I just want to say that even though we have gone through one of the challenging periods in the history of our country, in recent past we have had eight or nine months of the worst possible droughts in the country where it affected all our exports from Ok Tedi. That is a fact, you can't deny that. All our exports from plantations slowed down, all our exports from mineral sector didn't eventuate, so the economic impact that it had on the country is quite substantial. Not

many countries survive when your major revenue source is affected over an eight months period, Mr Assistant speaker.

And we have been able to manage it, that is a fact, and today, Mr Assistant Speaker, I know that one of the issues that the Opposition Leader continues to highlight, claiming that he is a fortune teller and not wanting us to do all these things nobody in the world predicts the collapse of world prices except Don Polye and Sam Basil. They must have some data that I don't have. But anyway we are where we are today.

These are challenges that, as government, we have to manage and think we have managed it in a very responsible manner, Mr Assistant Speaker.

This Budget, when you talk about Ok Tedi, this year alone we will get the first dividend after so many years without it.

Mr Don Polye – When?

Mr PETER O'NEILL – I will announce it so you will see it, Mr Assistant Speaker, before December.

Mr Assistant Speaker, that's why we have independent boards but I can guarantee you that we will receive over K100 million, that is a fact.

But also this means that our land owners will, for the first time receive direct dividend for the 33 per cent that they own, a cash amount of K50 million.

I want to commit to this honourable House that I will invite the Opposition Leader when we do the presentation so he can witness it. If you certainly don't believe what we are trying to do.

Mr Assistant Speaker, I am glad that the Member for Vanimo Green has a very constructive debate. That's what the Opposition Leader should be doing.

Over the four years that I was Leader of the Opposition when Somare was Prime Minister I never called him a liar. I never said his budgets were hoaxes or whatever else. And Mr Assistant Speaker, when you are the alternative Prime Minister of a nation your words and actions matter, Mr Assistant Speaker, and they must be constructive and not come down to putting out a 65-page document because you think that you can be a good orator who can read, speak and talk all the rubbish. It is rubbish and I will go through it one by one. You just give me a few minutes because I am right now telling you where the economy is at the moment.

Mr Assistant Speaker, one fact is that he was a treasurer and he presented two Budgets on our behalf, but obviously he doesn't read. He has talked about the bill that we are going to pass today, he said that the Appropriation for General Public Service Expenditure 2017 bill 2016, he said there is an expenditure item of K21 billion.

The accounting method of putting together budget presentations over 40 plus years in this House has been done in hundreds of millions. So, that K21 billion, if you read it properly, is K2.1 billion.

I challenge you to go and read all the other Budget bills over the last 40 years and then you can be able to do it.

46/09

So, this is how it reads, the operational expenditure will be 1.7 billion, but it is recorded in hundreds of million, when you look at 17 in front of it, it means 17 one hundred millions kinas, that's means 1.7 billion kinas. Ten of them makes one billion kinas. So I'm just trying to explain the accounting to you.

Kerenga Kua – That is misleading!

Mr PETER O'NEILL - That is not misleading Mr Lawyer, if I were reading the *Constitution*, yes, but I'm reading the figures to you, so you listen for a change.

Mr Assistant Speaker, the capital expenditure all together 3.9 billion kina. So what I suggest you to do, is look at the volumes 2AB, so you can read the details of the accounts which will give you clarity. So please lets us not argue about the facts, sometimes you don't understand.

(Members Laughing)

Mr Kerenga Kua – Point of Order! If you don't want to listen to me, go home. Mr Assistant Speaker, the figure K21 billion is there in the Appropriation Bill. How can he say that K21 billion when your Budget is K13 billion? If you add up the General Public Service Bill of K2.1 billion, K100 million for Parliament and K200 million for Judiciary, that's a total of less than K3 billion Budget. Is that what he's saying? The figure there is K21 billion. Come on, I finished my University and I know how to read the numbers.

Mr ASSISTANT SPEAKER – Member allow the Prime Minister to finish his debate.

Mr PETER O’NEILL – Mr Assistant Speaker, it doesn’t take Einstein to understand that we are introducing a K13 billion Budget. How can in your mind, you must be insane when you said K21 billion for Public Service alone? You must be insane. I’m trying to tell you how to read the figure but if you don’t want to, that’s your problem.

So Mr Assistant Speaker, the figures are very simple. K1.7 billion will be spent on operational expenditure of the Public Service and K3.9 billion will be spent on the capital expenditure of the Public Service bringing it up to almost K5 billion, which is half the Budget of our Nation.

Mr Assistant Speaker, while I don’t want to –

Mr Don Polye – Point of Order! I think, Prime Minister is misleading. The figure is misleading.

Mr ASISTANT SPEAKER – Opposition Leader can we allow the Prime Minister to finish his statement.

Mr PETER O’NEILL – I think Mr Assistant Speaker, if we pass the wrong Bill, I’m sure you Constitutional lawyers; you two can go to court. Thank you.

(Members interjecting)

Mr PETER O’NEIL – Mr Assistant Speaker, while we are spending K5.6 billion kina on Public Service, we are maintaining our expenditure on other sectors as well. These young fellows’ don’t want to be corrected.

Mr Assistant speaker, today, we are now spending well over K1.6 Billion kina in Education and K1.2 billion kina in Health. Out of the K1.6 billion kina for Education, K600 million kina will be for Tuition Free Education (TFF) in the country.

Mr Assistant Speaker, all these figures add up to K13.8 billion kina. That’s the budget we are discussing today.

So Assistant Speaker, I know that the Opposition Leader is airing a lot about debt to GDP ratio. Every expert is telling us that our debt levels are well below the *Fiscal Responsibility Act*.

I don't lie to you, Mr Ben Micah, only you lie to me.

(Members Interjecting)

47/09

Mr Ben Micah – Point of Order! We are all learned men and women here. We were taught to read and to count. I think we have been playing around too much. The figures are either typographical errors or deliberately put here to mislead Parliament and that is a fraud.

(Mr Kerenga Kua supporting)

Mr Ben Micah – Mr Prime Minister and the Treasurer, *Section (1)* allows the Secretary of Treasury to issue K21 088 585 217 out of the consolidated revenue fund for the ordinary purposes of the Public Service operational expenditure capital investment projects. It is written.

Mr ASSISTANT SPEAKER – We will allow the Prime Minister to finish.

Mr PETER O'NEILL – Thank you, Mr Assistant Speaker. I thank Honourable Ben Micah for his Point of Order. I do not know where he practiced his accountancy.

(Members interjecting)

Mr PETER O'NEILL – Let me say this. These figures are mentioned in millions and when you convert it into billion it would be K1.7 billion.

(Members interjecting)

Mr PETER O'NEILL – If you wish to dispute that then that is fine! Mr Assistant Speaker, let me continue by saying this –

(Members interjecting)

Mr PETER O'NEILL – Our debt to GDP at 2016 stands at 29.4 per cent. It is well below the limit of 35 per cent of the *Fiscal Responsibilities Act*.

Mr Assistant Speaker, there is continuous scaremongering by the Opposition that our debt is going out of hand because we are borrowing too much. The Leader of Opposition mentioned a couple of debts. Let me explain the LNG debt first.

The LNG debt when we took up shares in the LNG Project was –

(Mr Don Polye interjecting)

Mr PETER O'NEILL – They mortgaged shares of Oil Search to IPBC. The moneys will be invested into LNG –

(Members interjecting)

Mr PETER O'NEILL – Be quiet! Are you mad?

Mr ASSISTANT SPEAKER – Order! Member for Kavieng!

(Members interjecting)

Sir Michael Somare – Point of Order! The Prime Minister cannot be heard. It is very important that you tell the Members of Parliament to be quiet.

Mr ASSISTANT SPEAKER – Thank you Governor of East Sepik! Prime Minister please continue.

Mr PETER O'NEILL – Thank you Mr Assistant Speaker, Many a times, the Opposition claims that we have raised our debt levels very high and have breached

many laws of our country. This is not true. I would like to explain the debts of the LNG Project first.

When we initially started with the LNG Project, we went and borrowed money from the Arabs. This included the 10 per cent that we have in Oil Search. Why 10 per cent? Many people think that this is a small share and we are not controlling it.

The 10 per cent is important to make strategic decisions. To take over, Papua New Guinea Government must have the last say and that is why we have a strategic share of 10.01 per cent. This is the reason why this is so. Oil Search came about in PNG in 1929. This is our own company. I did not go and sell Origin Minerals to them. I did not sell many of our things in the country, it was the past Governments that did that. When we mortgaged these things to the Arabs, the agreement was for them to sell this same share back to us. This is to protect the interest of our country.

When we came into Government and when we wanted to pay for it, the Arabs disagreed. They were going to keep the shares. We therefore, lost all our influence. What it meant was that the Arabs now own Oil Search so if they decide to pack up and leave Papua New Guinea tomorrow, what are you going to say?

48/09

How are you going to feed their families? Don't talk out of your mind thinking everything is easy. We need to protect families and put food on their tables and make sure that their employment and living standards are not affected. That is why we went out and borrowed additional funds to pay for it. We did not mortgage it and put security like Telikom, PNG Power or PNG Harbours Board as security. We only used shares in Oil Shares as the only security to obtain that loan. And we got a very good deal out of it.

Mr Assistant Speaker, today we own 10.01 percent of shares, we have an influence over that company and it is not owned by the State. It is therefore not in the State books. It is owned by Kumul Petroleum. All the shares in Oil Search are owned by Kumul Petroleum and Kumul Petroleum is owned by the State. We do not give state guarantees to them. They are now mortgaging the shares to make sure that they continue to service that debt over time.

Mr Assistant Speaker, we borrowed well over one billion dollars and today the balance stands well below \$800 million. We are slowly paying it off. What will

happen is that Papua New Guineans will own substantial shares in a company that is in the top 30 companies listed on Australia's stock exchange. They are paying dividends unlike some of the ascertaining from the Opposition that they are not.

Mr Assistant Speaker, if the Leader of Opposition wants the actual figures then I will provide it to him.

(Members interjecting)

Mr Don Polye – How much?

Mr ASSISTANT SPEAKER – Allow the Prime Minister to finish.

Mr PETER O'NEILL – You want to listen or not? If you do not want to then you may leave the Chamber.

Mr Assistant Speaker, all our investments are either held by Kumul Minerals or Kumul Petroleum or Kumul Consolidated Holdings. This is the company you, me and the Honourable Kerenga Kua and Honourable Ben Micah started.

(Government Members applauding)

Mr PETER O'NEILL – You all know about it so why are you questioning me? You all know about it so why are you playing too much politics with it?

(Government Members applauding)

Mr PETER O'NEILL – Mr Assistant Speaker, all the dividends of all the SOEs like PNG Port, Air Niugini, and PNG Power will all go to one of these companies and at the end of the year they will declare one dividend and give to the State. We are not running around everywhere looking for money. Our Holding company pays the State. This year we have received some money into the Budget about K300 million or K400 million and that is supporting our consolidated revenue. That is people's money and nothing is wrong with it. They are entitled to receive dividends.

However, Mr Assistant Speaker, one thing about LNG not paying dividends is not true. All moneys are paid and I urge the directors and management of Proton Petroleum to brief him independently. He will then know where the money is coming from and going to or which account it is deposited into so that one does not think that it is hidden in somebody's personal account.

Mr Assistant Speaker, with regard to the royalties and the development levy, the development levy belongs to the provincial government. And that is now paid directly to the Central Bank and all the affected provincial governments are accessing that money. The royalty goes to MRDC. I am explaining thoroughly about where the moneys go to so you can understand and feel it.

(Members applauding)

Mr PETER O'NEILL – The only revenue that the State gets directly is the tax portion, and only when the company makes the money and when they declare profits. It is not that we are not charging tax, as implied by the Governor of Oro.

(Members interjecting)

Mr PETER O'NEILL – I think that must be some of Honourable Ben Micah's union friends who did that. We did not get some of the tax because due to drop in oil prices I know they will be paying taxes to the Government when the prices improve.

49/09

I have no doubt whatsoever and I give credit to the Somare Government. They have made a good investment on behalf of our people.

(Government Members – yeah yeah)

Mr PETER O'NEILL – We are carrying some debt. We are fixing some issues along the way but credit some be given to where it is due. We will also do the same now that we are negotiating Wafi, Golpu and P'nyang and Frieda. We will make

sure that our people's interest are well protected. I think many of our Members of Parliament and our people know that the actions of our Government is very proactive. We want maximum benefit to our people and our Government. There is nothing wrong with taking our share. I think it is important that we continue to negotiate that and make sure that we receive equity and dividends and development levy as we go along.

Mr Assistant Speaker, I know that the Leader of the Opposition also talked about foreign currency issues in the country. As I said because of a lack of exports going out, there was a huge shortage of foreign currency in the country, close to US\$ 1.6 billion. That was the back log of currencies that was outstanding in the market.

Mr Assistant Speaker, as we speak I am advised by the Central Bank and other officials that it is well below US\$ 300 million. It won't be long before we correct the position of the foreign currency issue in the country. All is not gloom and doom.

I want to assure our friends in the Opposition ranks that the management of the economy and the economy itself is a national interest issue. It's not about one Government or one person's issue but a country as a whole. We must give confidence to the investors so that they know it is safe to invest here. When they invest their dollars in the country they are rest assured that their money is safe. They know they will get returns and it therefore creates employment opportunities for our people. We as a country do not have enough money to start up these big businesses and that is why we need to borrow money.

For example, we borrowed from the ABD to build our wharf in Lae which is being paid off by Kumul Consolidated Holdings and PNG Ports. It is not with the Government. Therefore our SOEs are borrowing money to build infrastructure and they are making money out of it. It is not just a service provider.

We are borrowing from these people because their interest rates are very low and their repayment terms are quite reasonable, say about 30 years plus to repay our loan. And because the repayment is low it is not going to chew up most of our money in the Budget. We are working closely with entities. Our people are not silly any more, they are making investment decisions because they have the assets to borrow against.

Mr Assistant Speaker, if you do not have the security, nobody will lend you money. These big banks will only lend money if they see that we have assets to

guarantee our loans. And our people are borrowing money to build infrastructure and not to repay bills like say paying for electricity bills or paying for salaries.

I want to strongly argue that some things that the Leader of Opposition said is not true. He is technically right to think that if PNG Power goes broke all its loans will come back to the State but he is not right to think that PNG Power does not have assets. You can raise money if you sell some of those assets.

When you were the Treasurer you did see that they were there every time at your office. People wanted to buy all these assets under the PPP arrangements. I am not in the mood of selling things and I don't like selling things. It is valuable for our nation and therefore I keep holding onto those things.

50/09

Mr Assistant Speaker, these assets have value and that is why we must continue to invest in them. Today, I am told that it is worth close to K19 billion in some of the investments that we have and that is a lot of money, something that we have never had before.

Our economy is growing, our SOE is starting to perform and we are building capacity all around, we are investing in Education and Health and our children are getting educated. So I don't buy the argument that children and their parents should pay for the school fee. Half of our people do not earn enough money to pay for school fees and we all know that, so why do we have to stretch them out? Is it the right of the privileged like the working class who can afford to send their children to school? No and that is why today we have two million children from our rural areas in schools and they are now learning to read and write and opening their eyes to the world outside. They will become better educated and skilled, some will be motivated to go even further and that is the sort of society we want to build; an educated society in making and taking advantage of opportunities that are available in their country.

Mr Assistant Speaker, to conclude, I want to say that I know after so many years we have had unstable government and our leaders were not given any chance to fully implement their policies. For the first time in this term of Parliament, even sometimes the Opposition have not agreed on issues but we have provided the stability and you have seen what we have achieved in education and health and it is a start in the right direction. We all have to agree and continue to build on that. It does not matter who comes to power next year, it's the people's choice. You and I are not going to force

the people. I know some of you have the tendency but some of us do it the right way so let them make the decision and we are going to have a free and fair elections. We will make such people make their choice. If they vote me out tomorrow, I will be very happy because I may have not performed. So we have respect to the people's decision.

Those are the two most important events taking place there and the next one is the APEC. The Opposition Leader has stated here that he will not support the APEC.

Mr Assistant Speaker, he is not someone from the street to make sure comments because what he said is being heard in all the economies. He has already represented us in such forums and he knows how important these meetings are. Please forgot about politics and allow these very important delegates to come into the country and give confidence and invest in the country so that it can create employment opportunities for our people. We do not have enough money to employ everybody so we need investors and this time, we will have over 10 000 people here in the country and what a great opportunity this will be. So let us work together and build this country for our people.

Thank you Mr Assistant Speaker.

Motion – That the question be now put – agreed to.

Mr Kerenga Kua – Point of Order!

(Government Members interjecting)

Mr Kerenga Kua – Thank you Mr Assistant Speaker, it is important that I raise this Point of Order because you are about to proceed onto voting on the Bill. Firstly, you have to ascertain that a Bill is here on the Floor of Parliament and that is the point that I am trying to make.

Mr Assistant Speaker, before you rule on my Point of Order, I would like you to take some advice from the Clerk's Table. When a Bill is to be introduced to the Floor of Parliament, you've got to comply with the Standing Orders. We have not complied with *Standing Order Nos. 191-197* and I will explain that in just one moment.

A Bill is introduced by a proposer who initially takes the Chair at the centre of the Chamber as the Treasurer has done. It begins with that then he reads a speech introducing the Bill and explains the nature and the character of the Bill.

(Government Members interjecting)

Mr Kerenga Kua – Mr Assistant Speaker, if you going through the 16-page 2017 Budget speech, he talks about a Budget expenditure of 13 billion for 2017. Let me read it to you and I quote page five. Let me complete my Point of Order. We are trying to commit fraud so listen!

(Government Members interjecting)

Mr Kerenga Kua – Mr Assistant Speaker, you've got to make a ruling on my objection –

Mr ASSISTANT SPEAKER – Honourable Member for Sinasina-Yonggamugl, what is your Point of Order?

Mr Kerenga Kua – There is no Bill here for a vote to be taken and I am trying to demonstrate it.

(Government Members interjecting)

Mr Kerenga Kua – Mr Assistant Speaker, there is no Bill in the Chamber for a vote to be taken. The Bill is for K13 billion.

Mr ASSISTANT SPEAKER – Honourable Member for Sinasina-Yonggamugl, the Bill was circulated last week when it was presented.

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Mr Kerenga Kua – Mr Assistant Speaker, that is the point. The Bill is for K21 billion but the motion that we are supposed to vote on here is for K13 billion.

Mr ASSISTANT SPEAKER – Honourable Member, I will allow the Clerk to proceed.

Mr Kerenga Kua – But we are going to vote on a budget of K21 billion.

(Uproar in the Chamber)

Mr Kerenga Kua – Have you been to school or not? There is a fraud, the speech is K13 billion while the Bill is for K21 billion. We can't vote on the Bill.

(Members interjecting)

Mr ASSISTANT SPEAKER – Honourable Member for Sinasina-Yonggamugl, please resume your seat.

**APPROPRIATION (GENERAL PUBLIC SERVICES EXPENDITURE 2017)
BILL 2016**

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

(Opposition Members interjecting)

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr James Marape**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

(Opposition Members interjecting)

Mr ASSISTANT SPEAKER – Honourable Member for Kavieng, please resume your seat. Honourable Members, we are leaders.

(Opposition Members interjecting)

Bill read a third time.

52/09

APPROPRIATION (NATIONAL PARLIAMENT 2017) BILL 2016

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

(Opposition Members interjecting)

Mr ASSISTANT SPEAKER – Order!

(Uproar in the Chamber)

Mr ASSISTANT SPEAKER – Honourable Members of the Opposition, I must caution you to behave yourselves so that we can proceed with this Bill. I am not going to entertain anymore Points of Order.

(Opposition Members interjecting)

Mr ASSISTANT SPEAKER – Honourable Member for Vanimo-Green, please resume your seat.

Mr Belden Namah – I want to propose a motion.

(Opposition Members interjecting)

Mr ASSISTANT SPEAKER – What is your motion?

Mr Belden Namah – Mr Assistant Speaker, I move that the Parliament be adjourned to tomorrow 10 a.m. and allow the Government to go and fix the figure and come back to Parliament.

Mr Ben Micah – I second the motion.

53/09

Mr James Marape – Point of Order! Mr Assistant Speaker, the process has started and we are right in the middle of the process and you cannot abscond when the process is on foot. They have the opportunity to vote against the Bill and that is their right.

(Uproar from the Opposition Members)

Mr ASSISTANT SPEAKER – I will not entertain anymore Points of Order.

(Members interjecting)

Mr Kerenga Kua – There is no Bill for us to move. We need the right Bill here.

Mr Sam Basil – You have circulated the K21 billion Bill.

Mr ASSISTANT SPEAKER – Honourable Members, let me explain. We are now on the Order of the Day No. 348 which is Appropriation (National Parliament 2017) Bill 2016 and not on Order of the Day No. 347; Appropriation (General Public Services Expenditure 2017) Bill 2016. We have gone past that. We are now on the Second Reading on the Appropriation National Parliament. So Clerk please proceed.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading Forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

APPROPRIATION (JUDICIARY SERVICES 2017) BILL 2016

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

54/09

EXCISE TARIFF (2017 BUDGET) (AMENDMENT) BILL 2016

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 1 November 2017 was announced recommending imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed.

Bill read a third time.

CUSTOMS TARIFF (2017 BUDGET) (AMENDMENT) BILL 2016

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 1 November 2017 was announced recommending imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

INCOME TAX (2017 BUDGET) (AMENDMENT) BILL 2016

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 1 November 2017 was announced recommending imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

55/09

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

**INCOME TAX, DIVIDEND (WITHHOLDING) TAX AND
INTEREST (WITHHOLDING) TAX RATES (2017 BUDGET)
(AMENDMENT) BILL 2016**

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 1 November 2017 was announced recommending imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

**INTER-GOVERNMENT RELATIONS (FUNCTIONS AND FUNDING)
(2017 BUDGET) (AMENDMENT) BILL 2016**

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

56/09

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 1 November 2017 was announced recommending imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

STAMP DUTIES (2017 BUDGET) (AMENDMENT) BILL 2016

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 1 November 2017 was announced recommending imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

GAMING CONTROL (2017 BUDGET) (AMENDMENT) BILL 2016

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 1 November 2017 was announced recommending imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

57/09

**NATIONAL ROADS AUTHORITY (2017 BUDGET PROVISIONS)
(AMENDMENT) BILL 2016**

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 1 November 2017 was announced recommending imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

DEPARTMENT TAX (2017 BUDGET) (AMENDMENT) BILL 2016

Second Reading

Debate resumed from 1 November 2016 (see page ...)

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 1 November 2017 was announced recommending imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Patrick Pruaitch**) proposed –

That the Bill be now read a third time.

Motion – That the question be now put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

**SUSPENSION OF STANDING ORDERS –
REARRANGEMENT OF BUSINESS**

Motion (by **Mr Patrick Pruaitch**) agreed to –

That so much of the *Standing Orders* be suspended as would prevent Notice No. 339 of Government Business being called on forthwith.

58/09

**NATIONAL WATER SUPPLY AND SANITATION
(AMENDMENT) BILL 2016**

Third Reading

Debate resumed from 3 November 2016 (see page ...)

Motion – That the Bill be now read a third time – put.

The Proposed Bill requiring an absolute majority of 56 Members as required by the *Constitution*, Mr Assistant Speaker ordered that the Bells be rung.

Mr ASSISTANT SPEAKER – Please include my vote as I am in favour of the Bill.

59/09

The Parliament voted (the Assistant Speaker, **Mr John Simon** in the Chair) –

AYES – 75

NOES – 0

The Proposed Bill passed with the concurrence of an absolute majority as required by the *Constitution*.

Bill read a third time.

**ACKNOWLEDGEMENT OF MEMBERS – STATEMENT BY THE
LEADER OF THE GOVERNMENT BUSINESS**

Mr **JAMES MARAPE** (Tari – Minister for Finance) – Mr Assistant Speaker, before I move for adjournment, let me thank this opportunity to thank all the honourable Members of Parliament for working late into the night especially in the face of the death of our colleague Member, Late Honourable Aide Ganasi.

Mr Assistant Speaker, the Treasurer and the Government will be hosting a refreshment function in the State Function Room for the support and work that you have done up till this year and especially in the passing of the 2017 Budget. We would like to extend our invitation for every Members of Parliament to attend this small function this evening.

SPECIAL ADJOURNMENT

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

That the Parliament at its rising, adjourn until 24 January 2017 at 2 p.m..

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 7.25 p.m..