

EIGHTH DAY

Friday 5 September 2014

DRAFT HANSARD

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The Speaker, **Mr Theo Zurenuoc** took the Chair at 10 a.m.

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

Sitting suspended.

The Speaker again took the Chair at 10.45 a.m., and invited the Member for Usino-Bundi, **Honourable Anton Yagama** to say Prayers:

‘Papa God, mipela kam long yu long dispela morning, long makim maus bilong ol pipol bilong yu, long dispel haus. Yu antap tru long mipela olgeta; mi putim mipela olgeta ikam long han bilong yu.

Givim gutpela tingting, Salim gutpela Spirit bilong yu long kam long mipela tete; long helpim mipela long toktok mipela bai mekim tete. God Papa, wanem sumting mipela mekim ino stret long ai blo yu, yu rausim na mekim ken sanap gutpela long ai bilong yu.

Mipela komitim ol wok na olgeta samting bai kamap long tete ikam lo han bilong yu. Bai yu soim stretpela rot long wokabaut na kamap gutpela long helpim ol pipol bilong mipela prei long name bilong Jisas em i pikinini bilong yu; Amen.’

MOTION BY LEAVE

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

Leave granted.

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

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

That so much of the *Sanding Orders* be suspended as would prevent the Minister for Treasury and Minister for Forestry from presenting their respective Ministerial Statements.

**ACQUISITION OF SHARES IN OIL SEARCH LIMITED BY
THE STATE AND OTHER FINANCIAL PARTNERS –
MINISTERIAL STATEMENT – PAPER NOTED**

Mr PATRICK PRUAITCH (Aitape-Lumi-Minister for Treasury) – I would like to take this opportunity to provide to Parliament with a statement to an important matter which, has been the subject of considerable discussion. Speculations in recent weeks in the media and other forums has caused public discord throughout the country.

Mr Speaker, no doubt all Members of Parliament would agree that it is necessary and appropriate for the State to welcome international capital and investors as well as world class management of Papua New Guinea, to help us develop the mining and development sector resources of the economy in the most recent and effective way possible.

Our country needs international capital and expertise as partners in order to deliver resource projects that would benefit the economy of our people. It would be equally very ignorant to now recognize that Papua New Guinea has matured and developed in recent years to a point where our ability to make investment and

ownership decisions in the mining and petroleum have been greatly enhanced and cooperation with our investors has improved greatly.

Mr Speaker, it is in the context that the States decision to acquire 149.39 million shares in Oil Search must be considered. The State has been a significant shareholder in Oil Search and the Oil Orogen Minerals in 2002. As a significant shareholder in Oil Search, the State and that company have worked closely and in partnership to successful grow and develop the local petroleum industry to a point where we have now joined the exclusive club of nations producing and exporting LNG gas.

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Mr Speaker, the theory of successive governments has been at, while multinational oil companies such as ExxonMobil to a certain extent represent large and immovable objects that will make decisions at their own pace and to suit their own needs and smaller petroleum companies such as Oil Search for which Papua New Guinea is of much greater overall strategic and commercial importance can be harnessed as Agents of Change and catalysts for growth and development our country.

Mr Speaker, I want to touch on the IPIC Loan, the then Somare Government in 2008-2009 recognized the importance of ensuring that the State participated fully in the PNG LNG Project and made that decision to offer, to exchange our then holdings of 196.6 million shares or nearly 15 percent in oil search through the insurance of five year exchangeable bonds to the International Petroleum Investment Corporation in short, known as IPIC of Abu Dhabi as part of funding the State's participation in the LNG Project.

Mr Speaker, given that the State's Oil Search shares at that time of the maturity of the exchangeable bounds were valued at approximately AUS\$1.7 billion, at that time the PNG LNG equity required to the exchange is likely valued at many times that amount, the exchangeable bonds is likely to have achieved their primary objective, however, Mr Speaker, not without some costs.

Under the exchangeable bonds there was always a risk that IPIC will elect to take receipt of the oil search shares rather than have the bonds settle in cash. The strategic shareholding in oil search which has served us well was therefore under treat.

It is for this reason that considerable energy was expended by numerous government agencies in recent periods in exploring avenues whereby the exchangeable bonds could be refinanced and the IPIC could be coaxed into taking settlements of the bonds in cash rather than shares.

Mr Speaker, with the National Executive Council having made the decision to seek to extend the partnership between Oil Search and the State beyond the maturity of the exchangeable bonds, the State established multi-disciplinary teams aimed at negotiating with IPIC whilst at the same time working with prospective financiers to require the shares covered by the exchangeable bonds.

This position and these endeavors had wide community support in recognition of the value of the strategic ownership stake in the relationship with Oil Search.

Mr Speaker, this notwithstanding the weakness in the State's position was always that IPIC had the option to choose to retain the shares in settlement of the debt under the exchangeable bonds. In doing so, IPIC would need to satisfy itself that the shares in Oil Search represented a good investment price of AUD8.55 or higher. This was the price in which the shares would be exchanged.

Well Mr Speaker, it comes as no great surprise that IPIC elected to exchange the shares under exchangeable bonds, rather than allow the State to refinance and reacquire them.

Evidently IPIC sees much value in the shares of Oil Search at that price, in much the same way as the State did.

Mr Speaker, faced with the reality of IPIC's desire to become a significant shareholder in Oil Search at a price of AUD8.55 per share, and maintaining our objective of ensuring a significant State equity position in going forward, on Thursday 27 February, the State and Oil Search announced that an agreement had been reached under which the State would subscribe for 149.39 million shares in Oil Search at AUD8.20 per share subject to the State obtaining all of its necessary approvals.

Rather than being bought from IPIC or some other existing shareholder in Oil Search, the 149.39 million shares would be issued to the State directly for the company in exchange for fresh capital under a private or targeted placement in acquisition of Oil Search shares.

Mr Speaker, the agreement between the State and Oil Search was announced together with the announcement that Oil Search has acquired and interest in PRL 15 which, contains the ELK Antelope discovery.

The first capital provided by the State to Oil Search under the placement amounted to in excess of A\$1.2 billion Australian Dollars and would be used by the company primarily to acquire a 22.8 percent interest in those fields in the Gulf Province.

The acquisition provides Oil Search with a strategic interest in the largest under developed gas resource in PNG with significant exploration activities. This will ensure that ELK Antelope becomes the next major LNG Development in our country, continuing with growing the employment opportunity and economic growth that have and will continue to be delivered from the PNG LNG Project.

Mr Speaker, the efficient monetization of all our nations petroleum resources is of critical importance to Papua New Guinea as part of achieving our development aspirations in the coming decade. Given the strong existing partnership between the State and Oil Search, our Government has confidence that the introduction of Oil Search would significant State participation into the ALK Antelope joint venture which, also include Inter-Oil and Total will help to facilitate this outcome.

Following the entrance of Oil Search into the PRL 15 Joint Venture discussions aimed at archiving an optimal development of this valuable asset have already commenced.

NEC and other approvals required in order to complete the transactions were duly received by Wednesday 12 MARCH 2014.

Mr Speaker, critics of this Government have tried to make the assertion that the purchase of Oil Search Shares was specifically to fund Oil Search purchase into the ALK Antelope Assets is not true at all. I have just pointed out that the State has already made up its mind into maintaining an interest in Oil Search and had affectively been pursuing this outcome for several years but the focus has been on the shareholding mortgage to the Government of Abu Dahbi. We have already made up our minds because it was in successive Governments views in the national interest.

Mr Speaker, let me outline exactly what that national interest is –

Mr Don Polye – Point of Order! Mr Speaker, can you clarify if it is appropriate to gather this report and debate when this matter is before the Courts.

Mr SPEAKER – Honourable Member for Kandep, the Ministerial Statement is in order. Parliament is protected by its own immunity and its privileges. It's a Ministerial Statement by the Minister. If it is taken by the Media and published, it becomes an issue but otherwise for the benefit of Members of Parliament it is important we have a Ministerial Statement.

Mr PATRICK PRUAITCH – Mr Speaker, Oil Search has a key and unique strategic position in our economy. The company has been operating in PNG since 1929 and is an integral part of our economy. Almost all of Oil Search business is located in our country.

It is one of Papua New Guineas largest employer and investor and in fact operates all of PNG currently producing oil and gas fields. Critically Oil Search is aggressively pursuing extension opportunities in Papua New Guinea. The investment in ELK Antelope is being the most recent of a long series of investments in PNG by this company.

Oil Search is one of the country's largest tax payers and one of the largest employers in our country. The Company provides social economic infrastructure including roads, bridges, schools and health care facilities in every area where the government has not been able to as affectively as importantly.

Oil Search provides many opportunities for the people in the Southern Highlands and Hela Provinces. As such Oil Search and the State have a set of strategic objectives that are closely aligned.

Mr Speaker, in this context the State considers maintain a significant investment in Oil Search as a matter of national interest and has acted accordingly.

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Mr Speaker, the Australian \$8.20 price per share represents a 17 per cent discount to Oil Search plus traded price of \$9.64 per share, meaning its transaction has generated a current profit of approximately, AUS\$200 million for the citizens of

our country excluding financial costs. The hope is that it will generate considerable future revenue and at the same time help achieve our strategic objective.

Mr Speaker, the acquisition of shares to the Oil Search placement was significantly cheaper than any alternative strategy available to the State including negotiation the acquisition of State from IPIC or buying on market. IPIC has at all times indicated that they would want a significant premium to the \$8.55 price in the IPIC convertible bond as such the transaction offers us great bond financial value but also provides some of the strategic alignment as between the private sector developers and the Government that we have sort in respect of the petroleum industry.

Mr Speaker, only someone who has no understanding of international capital markets would make the mistake of distinguishing between these freshly shares and the shares that the State used to own but has transferred to IPIC under the exchangeable bond arrangements. Each share attaches identical rights. All that has happened is that, the capital base has been expanded in exchange of cash receipts.

Consequently, Mr Speaker, the subscription to shares under the placement has achieved the same outcome as the State did through negotiations with IPIC and in consistent with long term Government policies, which has strong community support.

Mr Speaker, critics who have opposed the transaction would have the public belief that the so-called 'UBS transaction' in some way represents a departure from established government policy and the acquisition of some new asset class.

Mr Speaker, this only highlights either their ignorance or their distinguished nature. There was nothing rust in the States decision to acquire shares in Oil Search. This has been mooted for more than 12 months.

In terms of how the acquisition was financed, the State worked with potential finances in respect of the IPIC exchangeable bonds for more than nine months in the lead up to the maturity. Given that, the State is merely acquiring shares either as from IPIC or directly from Oil Search. All financing discussions in the context of IPIC share parcel were directly relevant to the financing of shares under the placement to Oil Search.

Mr Speaker, this brings me to the question of specific elements of financing the transaction which are being tabled today. Tremendous amount of conjecture has been said and written about the manner in which this transaction has been undertaken and financed in recent weeks, again critics and those who oppose this transaction would

have us believe that the entire transaction is fully thought and indeed some of the hyperbole includes the suggestion that the entire future financial resources of the State have been sold or mortgaged as part of it.

Mr Speaker, in tabling all elements of this transaction, given that it consists of an agreement to acquire shares as well as two separate borrowing facilities, allow me to put this matter to ease. The acquisition of the shares in Oil Search has been financed in a prudent manner at all times and aimed at managing and reducing the overall financial and operational risk to the State. It is by no means that the State has taken on full cost liabilities amounting to several billion kina as part of the transaction. It should be noted that we currently stand to make considerable profit from the trade.

Mr Speaker, on the UBS loan facility, in the lead up to the Oil Search transaction the State conducted a nine month detailed selection process to appoint a financier to assist in the refinancing of the IPIC exchangeable bond. This included six major global financiers presenting to Treasury, the Gas projects coordination office, the State Solicitor, IPBC and NPCP through formal processes.

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The Bank of Papua New Guinea ultimately made recommendation that a financing package put forward by UBS be chosen based on a number criteria including cost, timeliness, term, security and the ability of the package be executed.

The UBS Financing package set the flexibility to be used either to refinance the IPIC Bond or direct transaction with Oil Search in the event it was used for a later purpose.

Mr Speaker, in addition the State had engaged KPMG an expert accounting firm to perform an independent review of the financing package. This review included an assessment of the appropriateness of the financing package given the States objectives. This report forms part of the NEC submission which was approved by Cabinet.

Mr Speaker, the \$AUD 1.239 Billion financing package comprises two different facilities;

- (1) An \$AUD 900.4 Million Collar Loan
- (2) An \$AUD 335 Million Bridging loan facility.

All of these proceeds drawn by the State to apply to the purchase of Oil Search and transaction costs.

Mr Speaker, the Colar Loan is a facility with an average maturity of May 2016 that provides an \$AAUSD 900.4 million of upfront proceeds to the State. The Collar loan is collateralized by 137 million Oil Search Shares and has an interest rate of 4.95 percent per annum.

In addition to provide low cost funding, the Colar Loan provides the State with priced protection on the 137 million Oil Search shares. In particular the Colar Loan allows for the State to sell the 137 million Oil Search shares at the maturity of the loan for average of \$7.40 per share even if the Oil Search Share price were to fall below this level.

Mr Speaker, the proceeds of the share would have received in the event that it elected to sell the shares at these pre agreed prices would be significantly sufficient to pay this Colar loan irrespective of how low the prevailing Oil Search shares price may have gone.

Importantly this materially reduces the price risk on the Oil Search Shares for the State, limiting the State's exposure to decreases in the Oil Search share price.

There is no re-cost to the State price in respect of the Colar Loan other than the 137 million shares in the Oil Search.

Mr Speaker, it is evident that fully 75 percent of the overall loans from UBS have no re-cost to the State whatsoever beyond a parcel of Oil Search shares.

It is worth noting that the security package under the original IPIC facility was far more extensive and included essentially mortgaging all the State Owned Enterprises, Air Niugini, PNG Power, PNG Ports and others as well as all the shares in NPCP to IPIC.

This current transaction includes no other restrictions and no such re-cost for mortgages. Mr Speaker, under the larger of the two facilities with UBS no risk at all attaches to the wide estate financial position.

Mr Speaker, however, there is no such thing as magic punting. We cannot achieve limited re-cost or downside protection without giving something in return. In the case of the Colar Loan we have had to give up some sharing of upside price movements by Oil Search.

The Colar Loan include sharing with finances price upside finances above an average of \$10AUD per share in the event that the share price rises.

At those levels however the State would be sitting on a Paper profit in access of \$250AUD from the transaction. Mr Speaker the State has the option to refinance the Colar Loan at anytime.

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

06/08

**STATUS OF THE FOREST INDUSTRY IN PAPUA
NEW GUINEA – MINISTERIAL STATEMENT –
PAPER NOTED –**

Mr DOUGLAS TOMURIESA – (Kiriwina – Goodenough) – Mr Speaker, I rise to inform the honourable members of this very honourable House about the status of the forest Industry in PNG today.

At the outset I must remind the House that the Fourth National Goal adopted at Independence calls for Papua New Guinea’s natural resources and environment to be conserved and used for the collective benefit of us all, and to be replenished for the benefit of future generations.

With this in mind, as responsible leaders, we have to manage the country’s forest resources in a balanced manner so that it provides for the current generation without denying the future generations the same benefits.

Mr Speaker, since the 1960’s the forestry industry has been a major contributor to development in PNG through provision of employment and cash income to many of our people in various undeveloped and remote localities throughout the country. The forest industry has also been a major earner of foreign exchange and an important source of revenue for this State. It has also assisted in the

development of our young nation by providing roads, schools and health services to many remote areas of PNG.

Annually, the forest industry produces 3 million of logs and exports about 2.5 million and earning some K500 million equivalent in foreign exchange from the country. From the log export tax levied on exports of unprocessed round logs, the industry contributed almost K200 million to the consolidated revenue. In addition, the industry contributes about K20 million annually for community development in log export development levies. Also annually, it pays some K40 million to forest resource owners royalties.

Overall the forest industry is responsible for the employment of between 8,000 and 9,000 workers or between 5 & 6 percent of the total formal workforce who also pay personal income taxes to the coffers of the State. Through its activities, the industry also generates GST for the country including the provinces.

As most keen observers of PNG have noted, the forest industry in PNG has been embroiled in controversy ever since, but more so in the 1980s. As most of us can recall, the Barnett Commission of Inquiry in the mid 1980's revealed gross impropriety within the forest industry.

With the assistance of some of our development partners, notably the European Union, the World Bank, JICA (the Japanese International Cooperation Agency), and AusAID, the Government through the PNG Forest Authority embarked on a number of milestone measures to rescue the forest industry in PNG.

Some of the measures undertaken by the Government to improve the forest industry since the Barnett Inquiry included the following:

- Passage of the Forestry Act 1991 and its accompanying Regulations,
- The establishment of the PNGFA in place of the former Department of Forests,
- Changing of the composition of the National Forest Board which now includes all the relevant stakeholders in the forestry sub-sector including representatives of resource owners and women.
- Appointment of properly qualified and industry experienced managing directors to head the PNGFA.
- Abolishing of the impractical Local forests area models of forest management created under the now repealed Private Dealings Act.

Mr Speaker and honourable members, despite all these improvements the forest industry in PNG continues to lack transparency and is not as transparent as we would like it to be. Unlike the situation in the 1970's the industry has now become even more dominated by foreigners, the majority of whom happen to be from one country Malaysia.

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Mr Speaker, and honourable Members, despite all these improvements the forest industry in PNG continues to lack transparency and is not as transparent as we would like it to be. Unlike the situation in the 1970's the industry has now become even more dominated by foreigners, the majority of whom happen to be from only one country.

In the 1970's and the early 1980's, there were at least some plurality or diversification in the ownership of participants in the industry with investors from Australia, New Zealand, Japan and South Korea in addition to the PNG Government's partial ownership in the forestry operations such as Open Bay Timbers in East New Britain, Stettin Bay Lumber in West New Britain, Jant Timbers in Madang and Vanim Forest Products in West Sepik Province.

Also in 1970's and 1980's our log export were more evenly distributed to multiple export destinations including Japan, South Korea and other destinations. However, since 2013, almost 90 per cent of our exports go to China in the form of unprocessed round logs.

Mr Speaker, as a sovereign nation, it is a shame to admit that we do not have as much control of our forest resources. The industry remains very secretive. They cannot reveal to us their average industry cost of production and profitability so we cannot accurately determine a fairer distribution of benefit derived from the exploitation of our natural forests.

As a country we do not know whether we are getting our rightful share from the commercial industrial exploitation of our natural forest resource. As a Minister, I cannot confidently tell our forest resource owners that they are getting a fair share of their natural wealth. I am not even sure if the Government is receiving its rightful share from the forest industry in the form of taxes. All we know is that the investors in

the forest industry declare loss after loss, year after year, yet they never seem to go out of business. In fact, some of them have grown bigger and have even diversified into other industries outside the forest industry.

Despite various concessions by the Government to the industry to encourage downstream processing in order to increase employment with incentives such as the following;

- Exemption of processed products from export taxes,
- Selective exemption on import duties on imported equipment and machinery and
- Protection against import of cheap plywood and timber products by increasing the import duty on import to 50 per cent.

Mr Speaker, the forest in PMG remains a ‘loggers industry’ without much downstream processing of logs and timber into more elaborately transformed wood products. Only 15 per cent of our exports from the forest is in the form of timber, whilst the rest is in the form of unprocessed logs.

Apart from PNG Forest Products Limited (in which the PNG Government has a nominal shareholding of 25 per cent) producing plywood and kitset homes and buildings from plantation lumber in Bulolo, I am afraid to say, there is no real forest industry in PNG today because we remain largely a log exporting country.

As a nation we have permitted the logging industry to reap our natural forests since the 1960’s. Since then, we have allowed the industry to log out 11 million hectares out of the 15 million hectares of commercially exploitable natural forests. By comparison the total area planted to commercial species of trees covers a mere 60,000 hectares in only a handful of locations.

Mr Speaker, it is my intention as the Minister to further improve the forest industry. I will start by asking the honourable Members of the House to support my initiatives to strengthen the Forestry Act and its accompanying regulations. With the help of the honourable Members of their Parliament, I intend to give the resource owners a greater share of the proceeds of their rightful inheritance.

08/08

With the help of the honourable members of this National Parliament I intend to give the resources owners a greater share of the proceeds of their rightful inheritance. I have taken steps with the blessing of the National Executive Council to make Papua new Guinea Forest Authority self-financing organisations. This will allow PNGFA to directly raise its own revenue by levy on the industry been independent on National Budget. \

The PNG forest Authority has been criticized by some keen observers that it is powerless. There is some truth in this comment because the Authority has been chronically underfunded over the years to the extent that a quarter of its approved power remains vacant because of lack of funds. This has resulted in the lack of real capability of PNGFA to closely monitor the industry and strictly enforce the forest regulations.

The PNG forest Authority needs to re-fleet its vehicles throughout the country, it needs to renovate its offices and staff housing and it needs to operate independently instead of being dependent on logging operators for transport and for housing for its staff. The PNG Forest Authority also needs to be able to attract young talent by offering promising careers with long term job security

Mr Speaker, I believe a properly funded and well-resourced PNG Forest Authority who will be resilient and can enable greater efficiencies in forest industries which can result in higher benefits including cash incomes for the forest resources owners and more revenue for the State and would be attractive enough for investment. The PNG forest authority needs to closely watch over the industries and also carry out studies and investigations that can lead to greater down streams processing of our timber from our natural resources.

In support of the O Neil-Dion Government development programme, the PNG Forest authority has four programs which are as follows, Sustainable Forest Management Development and Monitoring, increase of Papua New Guinea wood supplies capacity through natural forest management reforestations and afforestation, down streams processing and increasing exports of forest products, establishment of a State marketing agency.

Mr Speaker, some of the steps I am embarking upon to further improve the forest industry includes the following,

- a review on the *Forest Act 1991* and a company regulations further forestry act and consolidate various amendment to legislations today and also to allow representation of forest resources owners on National Forest Board.

- a review of all logging and marketing agencies to ensure all projects developer's honour their obligations to the resources owners and the State. This is similar to the Forestry Industry Association which represents the interest of the investors in the forest industry. I intend to establish an equivalent association to represent the forest resource owner's interest throughout the country.

- creating a mechanism to counter transfer pricing in the industry, despite being outlawed by the forestry act there is anecdote evidence that transfer pricing is reaped in the forest industry in PNG that is why as a Government we do not know whether we are taxing the industry enough. An option available to the Government is to establish a state marketing agency to guard against unscrutinised practise of transfer pricing in the forest industry. I have requested that the National Forest Board to represent to me the rationale and options for establishing a state marketing agency.

- Conducting of feasibility studies for the state of the art timber processing mills in the country to increase domestic value added and employment in the forest industry. What the nation needs is a few world class

09/08

What the nation needs is a few world class integrated timber processing mills established in few regions of the country to ensure that PNG benefits as much as possible from its forest resources. I have directed the PNG Forest Authority to commission studies into the feasibility of establishing a proper forest industry as opposed to the present logging industry.

(6) Investigation of compatible international certification standards for PNG forest products. The international market for timber products is getting more aware and sensitive to unsustainable and illegal practices of logging throughout the world persuaded by environmental activists. Government in timber consuming countries including the United States, the European Union countries and Australia are insisting on certification of timber to ensure that timber is properly sought from legitimate and sustainable logging practices.

At the industrial level as a country, we will be reviewing our own PNG Logging Code of Practice by the end of the year. We shall be examining the various international certification standards to ensure that we continue to have a market for our forest and timber products. I am informed that certain operators in the industry have directly taken steps to voluntarily sign up with some of the international certification standards like Carbon Trading. International concept about global warming has given rise to the concept of Carbon Trading.

Mr Speaker, once a viable international market for carbon trading is agreed to and established, it will be in the interests of our forest resource owners to engage in it and it will save the natural forest and at the same time, give them a monetary income. We shall then as a country, seriously consider increasing the current practices of destroying the forest to get a few trees once the international community finally agrees to establish international Carbon Trading facility. Until that happens, we will continue to cater for the needs of our forest resource owners by permitting logging operations to continue. As a Minister responsible, I will ensure that the National Forest Board and the PNG Forest Authority continues to focus on getting the best for Papua New Guinea out of our natural resources.

Mr Speaker, in conclusion, long after the end of LNG and the mineral boom era in PNG; when all the gas and minerals are gone, the forest industry will continue to play an important role in the national development in terms of direct and indirect benefits to the forest resource owners and the communities they live in. Thank you.

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

QUESTIONS

Mr RONNY KNIGHT – I direct my questions to the Minister for Forest and I would like the Minister for Environment and Conservation to take note.

Mr Speaker, on my last district visit about three weeks ago, I noticed illegal logging again in my West Coast area. A report has been forwarded to the Minister.

Mr Speaker, compounding this, there was an advertisement in the papers where a company called Maxland seeking environmental permit to do agro-forestry project in Block 7 Puova. The principals of are the same people who logged Manus

for the last 25 years; the same people who were involved in those logging companies are now starting to plant rubber again.

Mr Speaker, this is our last virgin forest and it has been untouched so far and should be left for our future generations and we would be very interested to look at other schemes like the Carbon Trade which the Minister has just talked about in his ministerial statement. The forest covers several LLGs and the effects would be very negative if this operation goes ahead.

Mr Speaker, they intend to log this area and plant rubber which is ridiculous considering that third of the Manus Province on the west coast has already been logged. They have already logged this area and why don't they go and plant rubber there?

Mr Speaker, as a stated earlier, this company has workers who have worked for the logging companies that have already wiped out most of the decent trees along the west coast and they should plant rubber in those areas that they have already denuded. I would also like to touch on their failure to fulfill their community obligations that they promised the forest resource owners.

Mr Speaker, we do not like deals which do not have good benefits to the people. Only few people make deals with the companies which are not proper and we do not like this anymore. There was an incident where a resource owner complained about his timber been logged and he was murdered by an Asian and in retaliation, the sons of the landowner kill this Asian. This will happen again if the logging activity continues.

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It will happen again if they continue. My questions are;

(1) Is the Minister aware of this; and if so can he start out this project when it comes?

to his table immediately and investigate those involved?

(3) Can the Minister put Manus on the Carbon Credit Scheme for our peoples' benefit?

Mr DOUGLAS TOMURIESA –Thank you, Mr Speaker.

I will start with the last question. Carbon trade is the business for the landowners. We cannot go from the Department and ask them to put up their forest for carbon trading.

Landowners must bring themselves to us and tell us that they want to put up their forests for carbon trading. We encourage that and I take this opportunity to thank the Member for Manus for seeing the benefits of carbon trading to sustain the forests and it would also bring income for his people.

Let me also congratulate the people of Ambunti-Drekikir. Qantas has bought some carbon from this area. We have been talking about this for a very long time, even if it is a long process someone has to be patient in order for that person to reap the benefits. I thank the people of this area for their commitment and patience for recognising the long term benefits of carbon trading.

Mr Speaker, I assure the Member for Manus that we will follow up on this and make certain that the landowners do engage in carbon trading. Let me begin by saying that there were some advertisements taken in *The National* newspaper yesterday on page 24. You may have seen it. What actually happened is that the company is yet to go in and they are still going through a process. In Forestry there are 32 steps to follow before a logging license is granted.

These steps would take you about 3-5 years before you get to the actual stage of logging. The advertisement that was taken out yesterday was made by the Department of Environment and Conservation, not the logging company. And they are still following those steps and the first step to go to is to the Department of Lands to get clearance on ILGs and others, than go to Department of Agriculture because they want to plant rubber. Then they must go to Department of Environment and Conservation.

Forests Department is the last place to come to when all the above is completed. There is again set of cumbersome process that has to be followed before trees are felled. I assure the Member that I will definitely discuss with him if I am still in this chair and the issue comes my way. We will dialogue with the landowners to make certain that they have full control of the operations in the district.

Supplementary Question

Sir MICHAEL SOMARE –My question is in relation to logging companies. There was a logging policy before which specified that round logging must cease after some years and as I can recall the former Minister, who is now the Treasurer mentioned this in Parliament. Ten years have lapsed now so when are we going to stop the logging companies and the Minister enforce the issue of downstream processing in the country?

11/08

Mr DOUGLAS TOMURIESA – Thank you Governor and the Father of the Nation for his question.

It is true that the Government put a monitory but the year wedeferred to is 2030.

So given that timeframe to work towards, now we are working to make certain that by the time we reach 2020 companies must comply with the government's policies.

Mr Jim Kas – Point of Order! If I recall the former Forest Minister saying that the ban of round logs will occur before 2016, so please correct me if I am wrong.

Mr DOUGLAS TOMURIESA – You are wrong. I think you need to go back and read the *Hansard* because I can confidently say that the Government has setup the monitory already.

Now we are working from 2020-2030 to make certain that we can get the companies to comply. I think it will be better if you members read my Ministerial Statement –

(Members interjecting)

Mr Peter Isoamo – Point of Order! I think the Minister has to correctly answer question from the Member for Manus in relation to the Logging activities which are currently happening there.

I think the companies are also using the PFMC's to obtain TA permits and otherspecial permits to go in and cut without the Minister's office knowing –

Mr SPEAKER – Honourable Member you can stop there, after the Minister answers the Member's question, including that of the Governor's then you can ask your question

Mr DOUGLAS TOMURIESA – Thank you, Mr Speaker again and I thank you for all the Points of Orders.

Like I was saying it is better that you all go through my Ministerial Statements again. I think I have captured almost everything, raised in the Point of Order are all highlighted in the Ministerial Statement.

Mr Bob Dadae – Point of Order! Mr Speaker with due respect, the question that the Members are raising is that 2030 is too long why don't you bring it now and if it is difficult than how difficult is it?

Mr SPEAKER – Ok, that is a good Point of Order, Minister you can give your reply

Mr DOUGLAS TOMURIESA – Mr Speaker, I think I have been given a lot of Points of Orders and I agree with them all.

But the Government has set a timeframe for this and if I am to review it then it is not something for us to argue over. It needs someone to speak to us we are just following the policies that were set in the past.

And the Governor for East Sepik, I am someone that believes that downstream processing is the way forward for this country. I will make certain that, like the honourable Member for Kairuku-Hiri has mentioned earlier, I must answer his question but I have to ensure Parliament that there is no logging in Manus, I have checked it and there is no logging being done yet because they are still following the process.

But please be patient with us, the Board is in session today as I speak to you, and somethings which I don't want to disclose until the Board itself deliberate and

decide in their meeting then I will be able to announce some of the decisions that have made in the next session. Thank you.

Mr WILLIAM POWI – Thank you, can I ask a supplementary question again?

Mr SPEAKER – No, you ask a new question.

Mr WILLIAM POWI – My question relates to the Ministers Statement in relation to carbon trade and carbon credits. I think this is a very controversial issue in the country in relation to some of these forest areas where we have landowners going out there to create a lot of expectation to the point where it will become a cult in relation to carbon trade.

12/08

Mr Speaker, I want to ask the Minister, do we have a Government policy that specifically regulates this industry?

Mr SPEAKER – Honourable Governor, the statement was made before Parliament so it is before Parliament and it is open for debate so the *Standing Orders* does not allow therefore, we will not discuss that question now.

Ms LOUJAYA KOUZA – Thankyou Mr Speaker.

I would like to direct my question to the Minister for Defence but he is not present so I will direct it to the Honourable Prime Minister to just give a level of comfort to the displaced elderly Defence Force soldiers.

Some of us have seen the news on TV yesterday, about the displacement of these elderly soldiers, some of whom have second and third generations living in Lae. For the sake of these elderly displaced Defence Force soldiers, can the Prime Minister clarify if the Government has any plans to assist them?

Mr PETER O'NEILL – Thankyou Mr Speaker and I thank the Member for Lae for the question.

These retired soldiers have been living in the barracks for a long time. Some of these soldiers have been asked to vacate the Barracks because they are no longer serving the Defence Force. But I will ask the Minister for Defence Force to make a detailed statement later. However, my understanding is that, I was asked in the last Government to attend to this issue at Murray Barracks by the former Prime Minister, Grand Chief, Sir Michael Somare.

Mr Speaker, following that meeting, the Government provided some funding and it was made straight to the Defence Force and that each individual person was affected by the retrenchment or the retirement exercise.

Mr Speaker, when they submitted their claims to the Government as a group, it ran into tens of millions of kina and the Government felt that the Defence Force had an obligation to each Defence Force personal rather than as a group because they were not employed as a group, they were employed individually.

I know that some of them have already signed up and received their cheques and moved on but there are some who are not willing to accept this settlement figures and this is why the disputes have been continuing on for some time.

But we need to come to a conclusion on all these issues, we cannot continue debating on the same issue year in year out, so I will ask the Minister for Defence to look into this matter and treat this matter in as humanly as possible.

I have always stated that they must be treated with respect and they must be repatriated to their destinations or home provinces in a respectful manner as we expect from our Government. This is what I expect from our departments and I will make sure that it is concluded in the manner we all want.

Supplementary

Mr POWES PARKOP – Thank you, Mr Speaker.

Mr Speaker, I think the way we have treated our veteran soldiers is shameful because they served the State. The Defence Force is a unique type of employment where they agree to give up their lives for the State and our treatment after they have

retired, retrenched or dismissed is just shameful. We have to find a proper way to process and manage the retirement of soldiers.

My question is regarding all the disciplinary forces in our country.

Does the Prime Minister have any plans in the long to set up an organisation as part of Defence Ministry or as a separate organisation such as a Ministry of Veterans Affairs to manage these retirees in integrating them back into the community?

There are such organisations in the United States and Australia. I think we should have one, so that the members of the disciplinary forces of our country can be assured that when they retire the State...

13/08

We can think of that so that the police and soldiers will know that at retirement or retrenchment the state will still look after them so when they are serving they will give a hundred per cent effort.

Mr PETER O'NEILL – Thank you, Mr Speaker. I thank the honourable Governor of NCD.

Yes, the treatment accorded the members of the disciplined forces is quite unfair because we expect quite a large obligation from them.

I have on many occasions stated this publicly, we must establish a pension system to ensure that our officers are looked after even after their retirement. They made sacrifices for the nation but at the same time we all expect our disciplined forces to behave in a manner that is for the interest of the nation.

So, Mr Speaker, I see the suggestions by the Governor as a good one and we will take it into consideration as we are now in the process of reviewing the pension system. I have got people in my Department to work with the three disciplined forces to establish a pension system that is going to link discipline into it also. So if you are an undisciplined officer, if you are criminally charged and dismissed you will forfeit your pension as a result.

This is a global practice and is not unique to Papua New Guinea it is practiced in Australia, USA, Japan and others where people know that they have a very good

pension that will look after them well after their retirement. We are working on a system that we will announce to the nation very soon.

Mr JOE KOMUN KOIM – My question is directed to the Minister for Labour but since he is not here can the Minister for Public Service take note. This morning I received a text message from a Papua New Guinean –

Mr SPEAKER – Sorry for interrupting you, are you directing your question to the Public Service Minister?

Mr JOE KOMUN KOIM – I am asking the Public Service Minister in the absence of the Minister for Labour.

We have a dual pay system and somebody asked that we Papua New Guineans are as equally qualified as our expatriate counterparts so why are we being paid on two different pay scales?

The expatriates are getting bigger salaries than Papua New Guineans and that is why as a government are we addressing this or not?

They also wish to know if in the review of the taxation system because many employees see their pay slips showing a very big gross salary but their actual net pay seems so low. They feel that their productivity is affected by these things are we able to address this issue?

Sir PUKA TEMU – Thank you, Mr Speaker, with regard to those important questions there are two components, one is Treasury's area and the other is Public Service area. I will focus on the Public Service area and refer to Treasury for the other component.

The honourable leader is absolutely right that we have a dual pay system and the way we address it through the Public Service is through the Market Allowances. Those officers that are coming to the civil service are given an international market allowance.

Also, those professionals from Papua New Guinea having the same qualifications are given a Domestic Market Allowance giving some parity at that level.

We are aware that there is a degree of enormous disparity, for example the university lecturers are complaining very vigorously and that was pointed out to me at the recent Goroka symposium by the professors in the Medical Faculty so I will be taking leadership in trying to address this complaint that is coming with regard to the disparities.

So, I think the concern is in order. I think as a country we really need to look at it but at the same time the recent –

14/05

Mr Speaker, that concern is in order and as a country we really need to seriously look into it. The reason why there is disparity is because when we don't have such skills particularly, specialist skills, we will have to invite those people who want to leave their country and come to Papua New Guinea.

In order to attract these people we must address the international market allowances provision and therefore the disparity is there, while the base salaries are same there is a difference in terms of the international market allowance.

Mr Speaker, in regards to the issue of tax I stand corrected by the Treasurer and the Prime Minister that between 2012 and the last term of Parliament we have raised the tax free level for those earning K14 000 – K15 000 salary package.

I think the top bracket tax is 45 percent at the moment. Your savings are also taxed as well. Your retirement savings either the civil servants superfund or leaders, all those funds are subject to tax. It is a whole host of issues and we need to have a holistic approach.

I urge all Members to work with me and we will try and address them properly.

Mr DON POLYE – Mr Speaker, I direct my questions to the Minister for Higher Education, Honourable Malakai Tabar.

I also take this time to congratulate him on his recent appointment to this very important Ministry.

My questions relate to the recent Medical Symposium Report by some of the participants in Goroka that the Minister for Public Service referred to, in particular the

decline of the academic standard at the School of Medicine and Health and Science in PNG.

(1) What are the Ministers plans to lift the standard of the School of Medicine and Health Science in response to this report?

(2) Can the Minister assure this Parliament the accreditation of all the Universities in PNG including new University, how well this program is progressing? If it is being expedited and it is important we lift the standard of these Universities to the Dublin, Sydney or the Washington accord so it rises to a compatible international standard.

(3) Is the University part of the modernisation program of the Government as planned that includes all the other areas as well?

(4) Can the Minister inform this Parliament on the significant funding of over K500 million in the Budget is still intact and will carry out the programs designed in this Budget under his leadership?

Mr MALAKAI TABAR – Mr Speaker, I thank the Member for Kandep for his series of questions. This was an issue in the Monday's front page of one of our dailies regarding the standard of graduates in the Medical faculty at the University of Papua New Guinea Taurama Campus.

I also take this time to thank the Minister for Public Service who is a Medical Doctor by profession.

Unfortunately, the volcano in erupted in my district and I was not able to attend.

15/08

This is a major issue and I have raised it in Government caucus meeting. I will be returning back to Goroka on Tuesday and I will raise this issue with the people in that area. I think this country has two agendas and they are basically trying to open up the bottleneck that we are faced with.

The Minister for Education is right here next to me. So he has basically given us some statistics over the last few days of the number of grade 12 students who will be available for selection into the tertiary programs. We would like to open up and

build more universities. That is in the pipeline but we also have the responsibility to make sure that the current existing universities are assisted with financial resources. So that there can be an increase in-take for 2015.

We will work on the quality of graduates from the medical faculty. I also raised this issue with the Department of Higher Education Science and Technology and we are committed. At a Department we will make sure that we can look after the staffing of the university and of course the previous question was on the dual salary system.

Mr Speaker, Sir Puka Temu gave university as a classic example, so we are dealing with that and we will try to address that by talking with the respective faculties of those universities. But more importantly we would like to make sure that we can attract professional to come and teach at the universities. We can also retain our people as qualified people who are part of our programs.

The second question Mr Speaker, is on accreditation program. This was one of the major issues raised at the first day when I met with the Vice Chancellor. I think we understand each other now and I have asked the department in collaboration with the Department of Education as the line agency. We have a board that must make sure that we are certain and we have the same level of qualification standard.

There is a information paper that is available and I will be passing it around to the Government. I will make a statement on that.

On the modernization program, Mr Speaker, we would like to revisit the existing universities. There have been some major issues affecting financial management that we have. We also had problems with the audit reports from the universities but I have 2011, 2012 audited reports with me.

I am telling them that if they look after the money I will give them some more money. If you do not look after the business arm of the university, it will be difficulty to continue with the program given the natural increases in the population growth.

In terms of modernisation program we would like to make sure that we maintain high standards of quality of our graduates in our institutions. But more so, we would like to make sure that the institution has the facilities and the laboratories, staff and other equipments that can enable them to make sure that we achieve these important standards in our graduates.

16/08

Mr Speaker these are big issues and I have an audience with the right people. The day that I was appointed to this post I was assured to go out and talk with the vice chancellors and we will stand with you by way of budgetary support. From the money that was there in this year's budget, we have allocated so much for the universities and we have used whatever that was budgeted for. This is an area of expenditure that does not have a set figure it will grow as we have experienced earlier this year with the University of Technology and few other institutions as well. Yes, we will continue to come to the Ministers for Finance and Treasury and the Prime Minister.

In the next few months before the end of this year I should have a proper statement ready to present to Parliament and we would have some major pathways on how we would like to improve in this area for the our development of this country.

Supplementary

Sir MICHAEL SOMARE – Mr Speaker, I want to ask the Minister for Higher Education a question of accreditation.

Taking law studies for example, if Australians come to Papua New Guinea to practise law, do they have to go through the Institute of Legal Affairs for six months before they qualify to hear cases in this country or are they automatically being absorbed in because they studied law in Australia and without any regard to any of our laws in Papua New Guinea?

Mr MALAKAI TABAR–Thankyou Mr Speaker, I thank the Governor for East Sepik and Grand Chief.

Yes, I will be honest and I will take the question as it is and ask for the written part of the question from *Hansard* and I will prepare an answer for that question in due time.

Mr WILLIAM POWI–Thank you Mr Speaker for giving me this time again.

The earlier question was provoked by the Minister's statement however this is the question I prepared to deliver to the good hard working Minister for Health,

Honourable Michael Malabag, in relation to the Provincial Health Authority system that the Health Department is rolling out to the provinces.

Mr Speaker, so far current indications of several provinces that are using this provincial health authority system have shown significant improvements in the health sector. My questions are;

(1) Can the Minister inform this House and the people of Papua New Guinea, what his Department's plans are and what next steps to take in relation to provinces like Southern Highlands Province that have already signed a memorandum of understanding?

(2) How many provinces currently come under the Provincial Health Authority system and whether the Department of Health has plans to roll out this system to the other provinces of Papua New Guinea?

Mr MICHAEL MALABAG – Thank you Mr Speaker. I thank the Governor for Southern Highlands, former administrator and a very hard working Governor.

17/08

Mr Speaker, yes we have signed the agreement between Southern Highlands and also with the East Sepik province. The next step is to get the names for the composition of the provincial authority which is why I will ask the Governor to provide to his administration and then we will launch the authority also at the same time with the swearing in of the new members of the provincial health authority and that should be done by the end of this year.

Mr Speaker, for the second question, currently seven provinces have established their provincial health authorities, the Milne Bay, Eastern Highlands, Western Highlands, Enga, West Sepik, West New Britain and Manus. Those authorities are already set up and they are now functioning. At the same time, I have signed an agreement with the Southern Highlands and East Sepik provinces. As for Oro, Western and Central provinces, I am also leasing with NCD and those provinces will come on board shortly.

Mr Speaker, the provincial health authority is the way to go and I am asking the remaining provinces to also come on board because this is where the reforms will

occur. They care take of the provincial health delivery system together with the hospital health delivery system and that is where the provincial governments will have to take ownership of both together with the health department.

MOTION BY LEAVE

Mr PATRICK PRUAITCH (Aitape-Lumi – Minister for Treasury) I ask leave of Parliament into move a motion without notice.

Leave granted.

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 the Notice Nos.159 and 150 being called on forthwith.

PUBLIC SERVICE MANAGEMENT BILL 2014

First Reading

Bill presented by **Sir PukaTemu** and read a first time.

Second Reading

Sir PUKA TEMU(Abau – Minister for Public Service) – I move –

That the Bill be now read a second time.

Mr Speaker, leaders of this honourable House, with the continued roll out of substantial funds to districts in the 2014 Budget by our Government, it is important that the Public Service is properly aligned under a very strong legislation which is through the *Public Service Management Act* and the Bill that I am presenting.

18/08

In order to fulfil the pledges made by all the coalition partners in the Alotau Accord Resolution, my Ministry is progressing on the reforms that we were tasked to undertake and part of the reforms was to relook at the entire Public Service legislations beginning from the *Constitution*, the *Organic Law on Provincial Government and Local-Level Governments* and the *Public Service Management Act*.

Mr Speaker, as all the honourable leaders may recall, the constitutional and *Organic Law* amendments and the *Public Service Management Act 2013* were passed in the February sitting of Parliament and other consequential laws were passed respectively.

Mr Speaker, I must inform this Parliament that the new *Public Service Management Act 2013* was certified on 30 May 2014 but was not brought into force for two very important reasons and that is why I have to table this Bill again. The first important reason was that the new *Public Service Management Act 2013* which, was passed by Parliament on 26 November 2013, ahead of the Second Reading of the Constitutional Amendment which we passed on 19 February 2014, and therefore, we could face a legal challenge at a future date. It is therefore, proper that Parliament must rectify the passing of that new *Act* after the constitutional amendment to make the new *Act* bona fide.

Secondly, there were more than 70 substantial typographic errors were made but only typographic errors was identified and have been now amended and improved through this new amendment Bill that I am presenting before Parliament today.

Mr Speaker, accordingly, I am now re-tabling the law before Parliament and seeking for the repeal of the *Public Service Management Act 2013* and to introduce the new *Public Service Management Act 2014*. I expect to bring the new legislation into force by the end of this month in order to achieve the following result as prescribed under this amendment.

Firstly, the Bill develops the establishment of the Ministerial Executive Appointment Committee with its Secretariat in my Ministry. We have removed as honourable leaders may recall, the consultation with the Central Agency Coordination Committee and also consultation with the Public Services Committee. Those constitutional amendments that we passed removes those two bodies because we recognised as a Government that they were the major bottlenecks, and therefore, the need for the Ministerial Executive Appointment Committee is being established and proposed under the current *Public Service Management Act 2014* which I am requesting support today.

Secondly, streamline the merit based selection and appointment process for departmental heads and heads and agencies whereby the Department of Personnel Management will call for advertisement of all the positions which is our government maintaining the merit based appointment process. So the position is advertised. Once advertised, a team in the Department of Personnel Management will screen all the applicants. Currently, they are going to the CACC and the Public Service Commission where we have been waiting for a long time. Now, that that is finished, those recommendations will then come to the Departmental heads and to the Ministerial Executive Committee which is made up of Minister for Public Service as the Chairman, Attorney-General or Minister for Justice and other Ministers responsible for that advertised position, the Treasurer and the Planning Minister. So it is a senior level Ministerial Executive Appointment Committee.

Through the same process, the advice for the provincial administrators goes to the Provincial Executive Council where they make a decision and recommend one candidate to come to Cabinet so the whole of the CACC Public Services component of appointment is now gone.

19/08

Once the National Executive Council makes an appointment or removes an officer from those key positions. There is no real avenue for recourse through the Courts. The reason why there was recourse to the Courts was because the law provided for consultation with the Public Services Commission. And in some instances when the Commission was not consulted that allowed the aggrieved to take the executive decision to Court where they were seeking relief in most of those instances.

In this regard, I can assure the Parliament that after this amendment much less cases will go to the Court system in our country. The only Court matter that will be read will be for those who are fighting for their benefits that should be paid out to them if they are aggrieved.

At the same time the position for the appointment of the district administrator in this province will be advertised. My Department and the provincial administration will establish the appointment committee of the district administrator and go through all the applicants. Once they have the top three, they will consult the open member and he will make an appointment from the three choices. He will not choose from outside the three shortlisted by the appointment committee.

This is so that we maintain the merit based appointment process. We are not changing the substantive amendment that we passed in 2013. They are basically the same and more importantly, I would want the Open Members and the Governors to take note, with regard to the contract of employment; example for the Department of Health or the provincial administrator. The contract of employment will be performance based so the Governor and the Minister can take the departmental head or the administrator to task.

Mr Speaker, and when they do not achieve those signed contract performance outcomes then there is a reason by the governor or the Government to remove that person because of poor performance. And that means, if that happens it is in the national interest and the department head is sack or the provincial interest that the provincial administrator is sacked.

Therefore there is no reason for those aggrieved to go back to court to seek recourse and these are the arrangements that this law is providing. And with regards to some of the issues on the position of the Public Services Commission; we have now established a process to review the entire powers and responsibilities of the Public Services Commission. I have inspected and the Commission to look at establishing an administrative tribunal; rather than the Public Services Commission.

Mr Speaker, we are going to realign the Commission and make it more powerful in looking at the delivery component by the Public Service. For example, if the health system or education sector is not achieving the outcomes, the Public Service Commission through an inspectorate system will have people going out to see whether teachers are attending classes, or health services are reaching the people etc.

We will make sure that public servants are accountable for the pay they receive and the tasks and the contracts they have signed. We have had a very weak inspectorate system over the years and nobody is looking down their back and they do not perform. So we are strengthening the entire scene and being a constitutional body,

20-08

... everybody is looking down their backs and therefore they are basically not performing, so we are now strengthening the entire thing and being a Constitutional body Public Service Commission, as you know.

I will be looking at the Ombudsman Commission components of the leadership accountabilities of Public Service and we could be parking it with the Public Services Commission to make sure that the leadership component requirement of Public Service are also taken on board by the Public Service Commission.

So, that is the direction that I have given to my department to make sure that we are aligning the entire direction of the government policy on the effective implementation by restructuring the laws as well as the administrative arrangement.

Mr Honourable Speaker, I hope that my colleague leaders will agree with this important reform and I commend the Bill to this Honourable House

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

That the question be now put.

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 time.

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

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

The Bill requiring an absolute majority as required by the *Constitution*, the Speaker ordered that the bells be rung.

21/08

The Parliament voted (the Speaker, **Mr Theo Zurenuoc**) in the Chair.

AYES – 55

NOES – 0

There being no absolute majority, motion negative.

MOTION BY LEAVE

Mr PATRICK PRUAITCH (Aitape-Lumi – Minister for Treasury) – I ask leave of the Parliament to move a motion without notice.

Leave granted.

RECISSION OF VOTE

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

That the vote on the Public Service Management Bill 2014 be rescinded and made an order of the day.

22/08

Sir Michael Somare – Point of Order! How many people voted for the Bill? If it was 55, Mr Speaker normally has a casting vote.

Mr SPEAKER – The Chair did a casting vote but it still fell short at 55 but the vote has been rescinded so it has a chance to come back.

Let's continue.

ROMAN CATHOLIC DIOCESE OF KIMBE BILL 2014

First Reading

Bill presented by **MrSassindranMuthuvel** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr SASSINDRAN MUTHUVEL (West New Britain) – I move –

That the Bill be now read a second time.

Thank you, Mr Speaker.

I thank the Parliament for this first opportunity and also for this being a religious Bill. The Diocese of Kimbe was officially erected on 12 October 2003 and Bishop Alphonse Chaupa was installed as our first bishop of the new diocese.

The boundaries of the diocese are the same as the boundaries of the West New Britain Provincial Government.

Mr Speaker, one of the main reasons for the division of the Arch Diocese of Rabaul into two separate jurisdictions was the difficulty for the Arch Bishop of Rabaul to serve and be available as a pastor to everyone in the vast area of New Britain Island.

The poorly developed infrastructure made it extremely difficult to visit the 43 parishes on a regular basis to deepen the process of evangelisation and to keep them contained; and to give support to the priest, sisters and the many other catechists.

In addition the creation of the Kimbe diocese included the creation of diocesan education and health offices as well as offices for youth and charitable purposes specifically aimed at serving the West New Britain Province in close partnerships with the West New Britain Provincial Government.

Previously the Catholic Agency schools and health centres in West New Britain, often in remote areas, were managed from Rabaul. Though in 2003 all properties and land held in the name of the Arch Diocese of Rabaul within West New Britain Province were given to the new diocese, the original plan was to arrange for

the transfer of freehold and leasehold titles from Rabaul Arch Diocese to the Kimbe Diocese before October 2003. This was not done because there was no legal recognition of the Kimbe Diocese.

ON 9 October 2010 the current Bishop, Bill Payne took over and now I would like to thank the Parliament for helping to get the Kimbe Diocese recognized as a legal entity capable of holding land titles and engaging in any other official matters with the government.

I now commend this Bill to this honourable House.

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

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

23/08

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 Sasindra Muthuvel**) proposed –

That the Bill be now read a third time.

Mr FRANCIS MARUS (Talasea) – Mr Speaker, I rise in support of my provincial Governor and I would like to extend my heartfelt gratitude to the Catholic

Mission and the people of East New Britain in caring and leading my West New Britain people. We have come of age and we will now be a diocese of our own.

I take this time to thank them for their tireless efforts in delivering health and education services to my people.

I also take this opportunity to thank the Right Honourable Prime Minister Mr Peter O'Neill for allowing accessible services and funding to our churches in West New Britain.

I also congratulate our New Bishop who will take helm in West New Britain and now that we have a new diocese, I urge my people to work together and build and develop this organization.

With that I thank all my people for supporting the Governor for West New Britain.

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

Bill read a third time.

MOTION BY LEAVE

Mr PATRICK PRUAITCH (Aitape-Lumi – Minister for Treasury) – I ask leave of the Parliament to move a motion without notice.

Leave granted.

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. 159 of Government Business being called on forthwith.

PUBLIC SERVICE MANAGEMENT BILL 2014

Third Reading

Debate resumed from today (See Page)

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

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

24/08

The Parliament voted (the Speaker, **Mr Theo Zurenuoc** in the Chair) –

AYES – 56

NOES – 0

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

Bill read a third time.

25/08

MOTION BY LEAVE

Mr PATRICK PRUAITCH (Aitape-Lumi – Minister for Treasury) – I ask leave of the Parliament to move a motion without notice.

Leave granted.

PERMANENT PARLIAMENTARY COMMITTEE ON CITIZENSHIP ADVISORY – APPOINTMENT OF MEMBER

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

That Mr Pesab Jeffrey Komalbe appointed Member of the Citizenship Advisory Committee.

SPECIAL ADJOURNMENT

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

That the Parliament at its rising, adjourn until Tuesday 21 October 2014 at 2 p.m..

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 1 p.m..