

FIRST DAY

Tuesday 14 May 2013

DRAFT HANSARD

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PARLIAMENTARY DEBATES

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Corrections should be authorised by signature and contain the name, office and telephone number of the person transmitting/making the corrections.

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Sarufa M. Haro

Principal Parliamentary Reporter

FIRST DAY

Tuesday 14 May 2013

The Speaker (**Mr Theo Zurenuoc**) took the Chair at 2 p.m.; according to the terms of the Resolution of 28 March 2013.

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 2.20 p.m., and invited the Member for Kompiam-Abum and Minister for Environment and Conservation, **Honourable John Pundari**, to say Prayers:

‘Our Father in Heaven, Creator and Ruler of the universe, almighty, all powerful glory and honour belongs to you and there is none like you. You are a great God of our lives. Lord, we are so grateful for all that you are to our lives and Father we want to just say thank you Lord for a great and beautiful country that you have blessed us with beautiful people and richness of the resources that we enjoy and benefit from.

Father, we praise you and exalt your name; we bow our heads and give you our worship. Oh Lord, we thank you. Father, we pray as we deliberate upon the business of this Parliament this afternoon, we pray for your wisdom and understanding. We pray, oh Lord, that you will guide our minds with the power of the presence of the Holy Spirit.

Oh Father, we pray and thank you for our Prime Minister, Honourable Peter O’Neill. We pray that you will bless him in a special way as he faces the challenges in the Office of the Prime Minister. We pray for the Office of the Opposition that you will bless him in a special way as he undertakes the duties in the Office of the Leader of the Opposition. We also pray for our Ministers in the Cabinet and all the Members of Parliament. We pray that you will guide and help us with wisdom and understanding that comes only from above. Help us oh Father that we may continue to examine ourselves as leaders of this country that we continue to try and endeavour to do the right thing. Help us oh Lord, to do what is best we can do for our people. Help us to discourage ourselves in doing all those things that are not right.

Oh Father we pray that we are not like the angelic beings or some perfect people in this country that you so desired to appoint us as leaders to serve your people. Father, imperfect as, we are, sinners as we are and as you have appointed leaders in the past and you have named leaders even before they came on the thrones, oh Lord, we believed that you have appointed us. You have appointed us because there are some good in us so help us oh Lord to search that good to do the right thing for your people.

Oh Lord, we thank you and praise you so much, we give you the honour and glory and we say thank you on behalf of our people in this great country. Bless our people; bless our fathers, mothers and children who are at school. Oh Father, we pray that you will bless the leaders, all the departmental heads and all those who are in charge of agencies of government. We pray that you will also bless them in a very special way and together Lord from this great House that we serve our people, we all say thank you and we give you our praise and honour. Amen.'

BROADCASTING OF PARLIAMENTARY PROCEEDINGS – STATEMENT BY THE SPEAKER

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

(a) the National television service *Kundu 2* will be allowed to televise Question Time as part of the community obligation;

(b) the National Broadcasting Corporation will be allowed to broadcast live Question Time;

(c) the *EMTV* will be allowed to film Question Time for news purposes only; and

(d) the Australian Broadcasting Corporation will be allowed to film Question Time for news purposes only.

**CERTIFICATION OF ACTS –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – I also wish to inform the Parliament that I have in accordance with *Section 110* of the *Constitution* certified the *Customs Tariff 2012 Budget (Amendment) Act 2011* and *Public Finance Management (Amendment) Act 2013* made by the National Parliament.

**APPOINTMENT OF CLERK OF NATIONAL PARLIAMENT –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honourable Members, I wish to inform Parliament that the National Executive Council has appointed Mr Vela Konivaro as the new Clerk of the National Parliament for a term of six years. Mr Konivaro prior to his appointment as the Clerk was the Second Legislative Counsel. On behalf of all the honourable Members, I congratulate Mr Konivaro on his appointment as the Clerk and urge all the Members to give your support to the new Clerk.

02/01

QUESTIONS

Mr RONNY KNIGHT – Thank you, Mr Speaker.

My questions are directed to the Minister for Fisheries and I would like the Ministers for Defence, Foreign Affairs, Internal Security, Deputy Prime Minister and Prime Minister to take note.

Mr Speaker, I have just returned from a district trip with my officers to Nigerhem and Aua-Wuvulu Local Level Governments. On this trip, I sighted a total of eight fishing vessels without any registration numbers. These were medium commercial type long liners and drift netters. We know that drift nets have been banned worldwide.

Two large long liners were spotted off Manus Island well within our borders and the small boats were seen working shark lines which were less than two hundred meters off the island. As soon as they saw our officers they were seen running for the open seas dragging their lines behind them.

Mr Speaker, my people find it cheaper and easier to travel to Vanimo rather than Lorengau for service. Between this voyage from their islands to Vanimo they have come along the track from Vanimo to the Western Islands and seen at night that the seas are lit up like a city. And a long string of fishing aggregation devices are strung about 10 miles apart, leading from five miles northwest of Wuvulu all the way to the border of Indonesia, near Jayapura.

Mr Speaker, what concerns me is that these fishing aggregation devices are permanently moored. They are anchored. These are not traditional commercial fishing but traditional Indonesian pump boats crewed by Indonesian nationals who seem to be able to fish our waters with impunity.

Mr Speaker, these are mostly Melanesian and Javan immigrants to this area from Irian Jaya. The people of the Ninigo Atolls have the nets they have cut from some of these incidents by small speed boats powered by 250 horsepower outboard motors which strung nets between the gaps in the reefs and islands within the atoll itself.

When approached these illegals were identified as Javanese and were quite aggressive in defence of their illegal operations until the people mobilized. When eventually chased off, it was found that these nets had caught shark, dolphin, turtle, stingrays and all kinds of fish which had drowned in these nets.

Mr Speaker, the isolated islands they'd used as a base had huge racks of all types of marine animals drying in the sun and being smoke cured. The beach front was stinking and awful from their catch.

Mr Speaker, it seems that my constituents' waters had been seriously poached by Indonesian fishermen. There is no question about this any more in our minds, it is an every day occurrence.

Mr Speaker, my questions are:

(1) Are our NFA and Ministry aware of these incursions and what kind of surveillance equipment are they using?

(2) Is there a bilateral agreement that we are not aware of, allowing these people to approach and use our resources?

(3) Can NFA, PNGDF and associated concerned departments run an operation using our aircraft for surveillance and station patrol boats at the Western Islands to intercept and confiscate these vessels?

(4) If none of the above can be done for some reason, can we empower our own people to arrest and secure these vessels for our own use?

Mr Speaker, if we continue to let our neighbours know that we have no concern for our marine resources, they will take advantage of our laxness and when we do wake up to what's happening we will have no fish left for our own local businesses to invest in.

Mr MAO ZEMMING – Firstly, I thank the Member for Manus for his questions regarding people who enter our seas and carry out illegal fishing.

Mr Speaker, I want to bring to the notice of the Parliament that there is a big problem with the agencies in charge of policing our border areas. NFA is aware of these activities a long time ago but at this time when the Member is bringing up the question I do not know. But I will take note of these questions and take them to the NFA.

I want to say that NFA is aware of all these issues occurring at our borders. This Government, is seriously looking at fleetng our Navy so the Minister for Defence, Police and I are in discussions.

There is a big problem in these areas and it is sad to note that our people from the north are continually coming across our borders and poaching our natural resources there.

On his three other questions, the Member and his people can be assured that the Minister for Foreign Affairs is also here so we will send a diplomatic note to the Indonesians, especially where the problem is to ask their Government to assist us to police the areas at the border.

In the meantime, I wish to assure the Parliament that the Minister for Police, Defence and I are looking at buying some ships and airplanes to try and police it.

03/01

The issue concerning Manus is not a new issue faced by this country as there are similar issues faced down at Dog Lake and the border incursions we face with Indonesia.

Mr Speaker, I would like to assure you and the Member for Manus that the Government is serious about this issue.

It is good that the Member has raised this question and we will sit down with the Ministers for Foreign Affairs and Defense to address this issue. I will also reply in more detail in writing to the Member for Manus regarding this important issue.

Thank you.

Mr GARRY JUFFA – I would like to direct my questions to the Minister for Treasury but since he is not here, I would like to re-direct my question to the Prime Minister and the Ministers for Foreign Affairs and Employment and Labour to take note.

My questions are in relation to the issue of taxation. We understand that there is a tax review that is taking place.

(1) Will this tax review consult the people or not?

This is because in the past, tax reviews did not consult the people and their interests were never captured in the review. The review always benefits corporate interest. Our people feel the pangs of paying taxes and we would like our little businessmen and women and the ordinary Papua New Guineans must be consulted.

It is presently clear that there are a large number of foreign workers who come into the country under business visas. These foreigners do not pay any taxes and make big profits and bring that money back to their economies. All the while we are taxing our ordinary people and not these people. If you were to go on any day to the airport you will see all of them standing in a long line.

(2) Can there be a review of this situation by these three organisations so that these persons or people are forced to pay the taxes that are due to the State of Papua New Guinea?

(3) Will we have a concerted effort to review all the tax holidays that we have given to all these big resource companies operating in our country?

Such a review is overdue and we have lost huge amounts of revenue every year.

Thank you.

Mr PETER O'NEILL – Thank you, Mr Speaker, and I thank the Honourable Governor for Oro Province for his questions relating to the taxation review that is now being undertaken by government in which Treasury is responsible for.

The review was established about two months ago and involved some prominent citizens including the former Chief of Commissioners of Tax, Sir Nagura Bogan, David Sodi, former treasurer of the Australian Federal Government, Peter Costello and many other prominent people who are very clear about the type of review that needs to be undertaken.

I am glad that the Governor raised this issue because of his wide experience in that field and I can assure him that our people will be dually consulted with all stakeholders. This is so that we have a fair taxation system so that each citizen, every investor and foreigner that visits our country will pay their share of tax to the government's internal revenue so that we can pay for the bills that we are obligated to pay. Therefore, I want to assure the Governor that this will be done.

Regarding the second question concerning business visas, yes, I am very concerned that there are some abuses taking place. Abuses like, people come here for short terms stays and then go back and use it as an employment visa rather than a business visa which is only for a one or two-week trip. Some are using it for employment for three months and then go out of the country for a break and then come back for another three months and so forth.

That is not the intention for this category of visa and I have discussed this with the Foreign Minister and the Chief Migration Officer that we must put an end to it. People who stay here longer than three months must convert to a work visa.

04/01

I am certain that the Minister for Foreign Affairs and Immigration will brief us during his Ministerial statement in the course of this Parliament.

We have seen many tax holidays take place in this country. Many of them have been blatantly just given without due consideration of the revenue base for our country. I don't

like to see governments not honoring our commitments, doesn't matter which government has done it; we must see an end to it. But to want to inform this Parliament that this particular Government has not given one project under a tax holiday yet and that will not happen in our watch. It will only happen under extreme circumstances where we need to enter into where there is no interest for investors to come in and that will be debated properly.

Infact, we have appointed Ivan Pomeleu, the Managing Director for Investment Promotion Authority, to review the incentives that attract investors into the country and that is happening as we speak. We are targeting areas like agriculture and tourism where nobody wants to invest in. We are now looking at targeted industries to put tax holidays, not for cronies who come up with some business proposal and all of a sudden we give tax credits, as you and I are aware of some projects that have happened.

Unfortunately, our government in Papua New Guinea has done it and we must honor that agreement, otherwise, nobody around the world who wants to invest in our country will have confidence in us because we will be deemed as unreliable when it comes to upholding agreements. We have been silly enough to enter into agreements where our people are suffering but when they expire, I can guarantee you that this Government will not renew or extend any new tax holidays, so that is a commitment that I can give to the honorable Governor. Thank you, Mr. Speaker.

Ms DELILAH GORE- Thank you Mr Speaker, my question is directed to the Minister for Health.

(1) What is the outcome of the investigation in relation to the CEO of Popondtta General Hospital?

(2) Why are certain staff of the Hospital plus certain outsiders with vested interests trying their best to remove the CEO of Popondetta General hospital?

The majority of Popondetta General Hospital staff have petitioned the Oro Governor and I to let the services of the current CEO Dr Gawin, to continue because he is the only specialist we have there.

(3) Can you explain the stand of the CEO of the Popondetta General Hospital to the People of Oro Province?

Mr MICHAEL MALABAG- Thank you, Mr Speaker I thank Member for Sohe, Delilah Gore, for raising a very serious issue that is ongoing right now at the Popondetta General Hospital.

For the first question there were two investigations that I commissioned .The first was on clinical governance, the second was on financial management, where I sent internal auditors to Popondetta. Based on the investigation reports that I received, Mr Speaker, we have cleared the CEO of any wrong doing there are other issues in place but those are ongoing.

On the second question, like in any other government institution, there's always a block of people who are in their little corner that they want to protect it as much as possible so nobody can come and take ownership of that corner and that is what's happening in Popondetta where you have two factions of staffs.

05/01

One group wants the CEO to be removed and the other wants the CEO to remain. This is causing a lot of tension at the hospital and patient care is lacking as a result of internal politics.

In relation to the third question, I am aware of the petition to the Oro Governor and yourself. I have received the petition and I will relocated the CEO on temporary basis to Daru Hospital. In the meantime Mr Sam Vegogo, CEO of Port Moresby General Hospital, will return back to Popondetta General Hospital.

Dr Gawin is a specialized obstetrician and gynecologist and Oro Province will definitely miss these vital services which will be a gain to Western Province. I have also instructed the management of the Hospital including the parties involved to reconcile for the benefit of the people of Oro province. They must provide efficient quality services to the people.

So that is the temporary arrangement but he will go back and resume his position at Popondetta General Hospital later.

Mr NIXON MANGEPE – I would like to direct my question to the Minister for Mining but since he is not available, I would like to re-direct it to the Prime Minister instead.

It is almost 25 years now and the Porgera Agreement Review is well overdue. My questions are:

(1) Can the Prime Minister inform the people of Lagaip-Porgera as to when will the government review this agreement?

(2) Can the Government declare a State of Emergency on Porgera because the Porgera Gold Mine has caused enormous damages to the environment?

We are located in the middle of the two dams so are we safe? If we are not safe then this Government must declare a State of Emergency.

I am not aware of the situations in other resource areas but in the case of Porgera, the employees do not spend money while on site because everything is provided by Porgera Gold Mine such as food and accommodation. So they do not spend a toea in my electorate.

06/01

The Porgera Gold Mine is one of the largest mines that generates the income of Papua New Guinea. If the landowners decided to close the mine, it means the Government has to compensate the landowners with cash before it can get the resource.

Mr Speaker, I have been waiting patiently for 25 years and nothing good has eventuated.

(1) Can you release any outstanding SSG and MoU funds?

Mr PETER O'NEILL – I thank the Member for Laigaip-Porgera for his very good question and with this question, I must also have to explain some issues concerning the mining sector that is affecting this country.

Mr Speaker, firstly, the Porgera Review is truly and well over due and I will task the Minister responsible to fast-track this review so the we can concentrate on other issues raised by the Member. One of them was the environmental issue regarding the two tailing tanks, which he was referring to whether they will protect the lives of the people

located within the tailing tanks. I will critically take up this matter and it will be one of the conditions during the review of this MoU.

In regard to fly-in-fly-out, there are certain circumstances that have forced the Government to make decisions and those decisions are undecided down the track and have been costly to some of our communities and people. Mining operations like that has not been able to commit to building townships surrounding the mine. As a result, many of the developments that should have been built are lacking.

I think it is time that Government should review some of these policies. We should encourage development of mines all around the country. Our first and foremost priority is our people, the landowners who are around the mine or project areas.

Mr Speaker, it is very important that we take advantages of those developments and projects by delivering services to areas where Government services are lacking. We must insist on building infrastructures such as roads, bridges, schools, hospitals and et cetera for our people.

In reference to reviewing of the MoU concerning how we could put together development of various major projects, including other projects such as Forestry, Agriculture, Gas and Petroleum, et cetera in this country, we need to have a stable and consistent policy, which cannot be altered from time to time through some influence. We must develop a policy that will guide every investor and landowner and the citizens of this country must know the rules under which we all are governed.

It is very important that we make it clearly and transparently so that we can outline all these benefits that we all will get. Of course, I am aware of some MoU and SSG still outstanding, but I want to assure the Member that whilst we are looking at it, it is also fair that we acknowledge governments that have continued to pay some of those commitments that they have made.

Mr Speaker, most of the time, we have a perception that the governments are not paying up but I want to stress very clearly that some of the projects are receiving funds throughout the country or for that matter, in many cases that funds are being received. However, we seemed to be ignorant about the sacrifices that the rest of the country is making, in order for us to get the project across the line.

I wish to inform this Parliament and the people of Papua New Guinea that we must acknowledge the fact that the Government is doing its best within the limited resources that we have so that we can honour the commitments that past governments have made and the future governments will make.

Thus, in the case of Porgera Landowners' MoU, and our benefits going to the Provincial government, it is part of the review process and we will try and find the mechanism where we can pay on timely basis.

Supplementary Question

Sir MICHAEL SOMARE – Mr Speaker, my question is regarding the fly-in-fly-out within mining locations in Papua New Guinea. I want to suggest that it is time now for this country and especially the Government to make it a condition for investors to build townships within the mining areas to alleviate fly-in fly-out issues. This will also help with our growing population where our people are living in one area where we are now facing lot of social and law and order problems.

07/01

Can the Prime Minister consider this issue of fly-in-fly-out seriously and make some new amendments in the mining review for investors to agree to build townships in mining areas before exploration?

Mr PETER O'NEILL – Mr Speaker, I thank the Governor of East Sepik Province for his supplementary question. He knows more about all the mining sites and their activities since he is a former Mining Minister.

As we all know, fly-in-fly-out is some kind of incentives to the project areas because Government can not afford to provide the needed infrastructure in remote mining areas in the country. So as a result of that, our previous Government came up with this idea. But I want to assure the Governor that the review will take place shortly by Minister, Byron Chan. That review will take into consideration all these issues that the Governor and Member for Lagaip-Pogera have raised. But as head of the Government, I

want to state here very clearly that we are not interested in going to accept bribes at the site in dealing with issue of fly-in-fly-out and make the country to suffer. We will make sure that we stop this behavior. We are liaising very closely with the developers of projects like Wafi Gold, Amoni and Eucrest. As Government of the day, we are asking them to provide infrastructures within the project areas to build up the township.

We don't want this issue of fly-in-fly-out so as part of that investment, the Government is now making that four-lane highway which is now taking shape and very soon we will be launching it in Lae, which runs from Lae to Nadzap. And also we are engaging into a design stage now to develop Nadzap Airport to an international airport so that the mine workers can fly direct to their respective destinations instead of connection flights via Port Moresby.

All these major infrastructures proposed by the Government will bring a lot of benefits to the country and at the same time make it easy for the developers to develop the projects. Likewise, to the issue of energy requirement, we have had discussions with PNG Power and two other developers to meet the requirement of 150 mega watt powers that they need to develop the mines. So actually there are a lot of issues related to it and I assure the Governor that we are working closely with the mining department. The Minister has taken courage of that matter and we will table that review on the Floor and establish a very clear government policy in respect of all project developments in the future in this country.

Mr PETER IPATAS – Mr Speaker, I would like to direct my question to the Prime Minister. I have waited five weeks for the approval of the provincial budget and it's hindering project implementation in the province. I remember the Prime Minister mentioning that once the budget is passed by a mandated government in the provinces then that budget is final and the process of getting the ministerial approval only takes time and it's time consuming.

(1) Can the Prime Minister take this on board and ensure that the approval is given quickly so projects can be implemented?

Mr PETER O'NEILL – I thank the Governor for Enga Province for his question that relates to treasury. The Minister responsible is here but I will answer it on his behalf and the Government as well. The Treasurer informs me that your budget has been approved and signed already.

08/01

Unless there is a revised Budget then of course you need to worry about it but there is nothing stopping you from expending provincial government funds so that we can deliver services to our people. If there are any specifics that relate to the Budget then I am willing to sit down with him and the Treasurer and clear those obstacles so that we can implement projects for our people.

Mr DOUGLAS TOMURIESA – Thank you Mr Speaker for recognising the people of Kiriwina-Goodenough again.

I direct my question to the Minister for Communications, and I want the Minister for Public Enterprise to take note.

First of all, I would like to thank NMSA for installing the radio network infrastructure in my electorate which has been long overdue. Before I raise my question, let me make a few points here. Communication is very important for this young developing country.

In my electorate a month ago, two of the remotest islands which are located towards the Solomon Islands with a population of 600 people were starving and were forced to eat roots of trees. We were fortunate enough to visit them just in time to supply them with 200 bags of rice to keep them going. I will be visiting them again.

I want to make a point that *Digicel* is giving my electorate a lot of help in terms of communication but what have we got with *Telikom* and *beMobile*? Most of the infrastructure in my electorate is from *Digicel* and as you know, some of us have to use our electoral funds to support the infrastructure development in our electorates. Meanwhile we have government owned *Telikom* and *beMobile* which already have infrastructures in place but are allowed to continue to deteriorate to a point where we don't use it anymore while allowing *Digicel* to take-over in this country. I know they

keep on saying bigger and better network but we also need to support *Telikom* and *beMobile* network so that our people can have access to affordable services. At the moment, the services are too expensive for our simple people.

So my question is, where do *Telikom* and *beMobile* stand in terms of infrastructure development in this country?

Mr BEN MICAH – Mr Speaker, those two companies come under my responsibility so if it is okay, I wish to respond to the question because the Minister for Communication is only a regulator.

Mr SPEAKER – Go ahead, Minister.

Mr BEN MICAH – My response will be a short one and it also for the benefit of other Members of Parliament. This Government has rescued *Telikom* and *beMobile*, we are now going to have competition in the mobile market in this country and *Digicel* knows that with the entry of *Vodafone* in partnership with *beMobile*, there is going to be tension in the market. So both *Digicel* and *B Mobile* are now coming up with all kinds of attractive products and ways to increase their businesses. Very shortly, once *BeMobile* gets into gear, they will be able to send proposals to each of you on some very attractive packages where not only will coverage be expanded in your elections, but rates also will come down drastically.

09/01

Bigger and better is alright but it's going to be costly. So this kind of competition is going to allow that kind of tension in the market.

Telikom, as you know, is only concentrating itself in the major centres where we have copper wire networks and micro wave links over the mountains. So the real way to go now all over the country is through mobile network.

And because of the entry of *Vodafone* into the mobile market there is going to be competition and very shortly *bemobile* will be able to make available to each Member

and province a new package that I believe will be competitive to what Digicel is offering at the moment.

Supplementary Questions

Sir MICHAEL SOMARE – Mr Speaker, I have heard the Minister speak and his speech is very sweet.

Previously we wanted to set up our own television station. We wanted to set up a government wireless network and telephone system but now we have allowed Digicel entry into the market. They have more money.

(1) Why can't the Government and the Minister for Private Enterprise invest some more money into *EMTV*. Right now on *EMTV* we are only listening to Australian programmes and watching Australians play football where they are jumping up and down and tackling themselves. And we are not seeing programmes on Papua New Guinea. Everything that we see on *EMTV* belongs to the "*paranghan*". He knows his language. He knows and he must say it.

Mr SPEAKER – Honourable Governor, please clarify the word.

Sir MICHAEL SOMARE – Mr Speaker I am talking about things Papua New Guinean.

Mr SPEAKER – That is alright, but you have to explain the word "*paranghan*", we don't know what it means.

Sir MICHAEL SOMARE – "*Paranghan*" means white man in his language.

Mr SPEAKER – Okay, go ahead and ask your question.

Sir MICHAEL SOMARE – He should know that we have not put in enough resources to strengthen bemoobile. People with money are coming in and investing heavily

in Digicel. All the corrugated iron fences and roofs, towers and villages have red marks. And where is Papua New Guinea?

(1) How is Papua New Guinea Government going to make money and how can we have money in our country when we let foreign companies come in and take out money?

They painted my market houses in Wewak red. What is that red mark for?

Can the Minister explain why they are giving more emphasis to those foreign companies and not assisting *Bemobile*?

Mr BEN MICAH – Thank you for the good question from the Governor of East Sepik. The only thing is that the word “*paranghan*”, is what confused me a bit. But it must be a very digitized word or I don’t really know what it is but anyway I’ll answer the question.

As I said, *bemobile* is akin to a sick child which this Government has just revived from its sick bed. And with the support of our partners, the National Provident Fund of Fiji and local investments through IPBC I believe and am confident that coupled with the technology available, it will leapfrog everybody.

It will jump from 3G that *Digicel* is now providing to 4G. This means that there will be faster Internet access, Internet television and other modes of communication that will run through one network.

I believe once they are in place, you and every other governor and Member will be happy. Not only because we are now creating tension in competition in the market but there will be two companies now fighting for the users out there in the communication market.

10/01

With regards to television, the issuing of the license is the responsibility of the Minister for Communication. I would also like to state here that, *EMTV* is currently owned by Fiji Holdings and with the recent visit by the Fijian Prime Minister some discussions were held at the IPBC level for the possibility of IPBC acquiring some interests in *EMTV* and putting *Kundu 2* into a similar arrangement. In this way the

government can have a majority say in not only the expansion of the television networks but the content that goes into television.

I am also in agreement with the Governor of East Sepik that there must be more PNG content in television programmes. If we are in control of the ownership of the television companies then I believe that we can be able, through that avenue, to have more input in terms of the programmes and the content that our viewers can be able to enjoy through the television network.

Thank you.

Mr POWES PARKOP – Mr Speaker, my question is directed to the Minister for Public Enterprise.

Mr Speaker, before I ask my questions, I would like to acknowledge the Member for Sumkar and welcome him back and his recovery in good health.

Mr Speaker, sometimes when you travel around the city of Port Moresby you would find that the street lights for the main streets are not on. The reason for this is not because of defects or damages but due to the lack of power supply.

(1) Are there any plans for capacity building to address the power supply shortage faced by the city?

(2) If there is a plan, when will it be implemented?

Our people and business houses in the city would like to know if such a plan does exist as soon as possible.

(3) Is the Rural Electrification Programme still going on?

(4) Can towns and cities also benefit from this programme?

I have been trying to bring power to the city's suburbs, settlements and villages but I have not received any favourable assistance from PNG Power.

Also, I heard that Eda Ranu has terminated its Build Operate and Transfer (BOT) agreement.

(5) Can the Minister confirm this and explain why the Eda Ranu's board terminated the BOT?

(6) If the BOT has been terminated will the water utility services for city become the responsibility of NCDC?

If that is the case then I am ready to take on the responsibility.

Thank you.

Mr BEN MICAH – I thank the Governor for NCD for his series of questions.

I am aware of the issues regarding adequate power supply throughout the country and it is a major problem. Therefore, under the instructions of the Prime Minister and I, the new board and management of PNG Power will come with short term measures to immediately address power shortages experienced in our main centers.

11/01

I am pleased to say the process for tendering out for independent power providers has commenced and two weeks ago. *PNG Power* appointed a big company that has a proposal to set up a power plant, which will provide up to 80 megawatt of power. It will obtain gas from domestic sources to set up a gas-powered plant. But in my negotiation with them, I am now impressing on this new company to see if they can take over the Moitaka plant and immediately increase the capacity up to 20 or 30 megawatt of power to alleviate the power problems in Port Moresby.

In the short term we are going to address Moitaka plant. The independent power purchase contract has now been issued to this company called Energy World which will now in the long term set up a gas fired plant that will upgrade the power plant up to a certain level.

We are also looking at increasing some capacity up at Rouna because of deteriorating infrastructure at the dam and also the transmission facilities. As you may know there are also proposals together with the World Bank to create another dam system at Brown River Maoro so that in the next five to ten years additional, maybe, 200 megawatt of power will be provided as well for the city of Port Moresby. Lae and other centers, very soon we will announce independent power providers to provide power for those areas.

As for Eda Ranu, in 1995 it made a contract to give a BOT arrangement to a Malaysian company to increase water capacity and provide clean water in Port Moresby. The contract was for more than 20 years and there are six more years to go. Like most

agreements as mentioned by the Prime Minister, there are many issues where the previous governments entered into agreements maybe due to some situations where it could not provide and we may have cheaply given away a lot of things. We now realize this is denying us revenue and improvement in the systems.

I think the board decided to see if they could come up with ways to fix these things. For example this company is only supposed to be selling water, not sewerage but they are also collecting rates for sewerage and not improving the sewerage system so we have a very big problem in terms of providing water in Port Moresby and upgrading of the sewerage system too. From legal advice, I understand they may not have the power to terminate this contract and I am talking with the board to see if we can negotiate with this company to address issues of contention rather than going to court. And maybe this contract will be restored and once it is restored, I believe a much better understating will be reached with BOT provider. But I am sorry Governor to say because of the arrangements that are already in place with Eda Ranu, it will not revert back to you but we can talk certainly about how we can share revenue.

Finally going back to the power, the budget this year contained K10 million for rural electrification that will go on top of whatever is in your JDP and DSIP and also for the urban center, K74 million is available so Port Moresby can have access to some of this funds that we need to discuss together with PNG Power and the City Commission.

**AUDITOR GENERAL OF PAPUA NEW GUINEA –
REPORT OF THE AUDITOR GENERAL – PART 1, 2009 –
PAPER – MOTION TO TAKE NOTE OF PAPER**

Mr SPEAKER-Honorable Members pursuant to statute, I present the report of the Auditor General on the Public Accounts of Papua New Guinea Part 1, 2009.

Motion (by **Mr John Hickey**) agreed to –

That the Parliament take note of the paper and the Report be referred to the Permanent Parliamentary Committee on Public Accounts.

12/01

**PUBLIC SECTOR STAFFING, STATISTICS, PERFORMANCE
AND STRATEGIES – PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Sir PUKA TEMU (Abau – Minister for Public Service) – Mr Speaker, our Government is giving priority to service delivery to our people at the district and local level government levels. We are honoring the pledges made by the coalition in the Alotau Accord Resolutions to reform the Public Service.

We have pledged to ensure that the projected wealth from our petroleum and mining projects will be made to benefit all our people and not the privileged few living in the urban centres.

Our Government has stressed that failure to maintain public infrastructure and to deliver basic services to our rural populations is caused by a combination of poor Public Service performance together with a lack of funding.

The lack of funding for infrastructure maintenance and development is being addressed by increased public borrowing, to be repaid from resource generated revenues. The Public Service must raise its performance and ensure that these monies are properly applied.

My ministry is already addressing public service improvement reforms from many angles as the Bills currently on the Floor to introduce the 2013 *Public Services (Management) Act* demonstrate:

- (1) Streamlining selection and appointment processes and contractual performance provisions for Departmental Heads, Provincial Administrators and District Administrators;
- (2) Raising normal and compulsory retirement ages;
- (3) Enabling employment of aid funded technical advisers in line positions under Government control and
- (4) Enhanced support for and monitoring of devolved HR management functions.

Mr Speaker, other legislative reforms are being developed in the pipeline including:

(5) Reform of the Department of Personnel management and the Public Service Commission to create a pro-active public service inspectorate and tribunal to tackle corruption and complaints;

(6) Enforcement of executive management discipline through the performance management and employment contract system at all levels

(7) Institutionalisation of the PNG Institution of Public Administration into a School of Government;

(8) Creation of District Authorities under the Orgnic Law to empower Open Members as chairmen with District Administrators and District Treasurers as ex-officio Members to replace JDP and BPC's;

(9) Legislative framework for outsourcing services to joint venture and private sector partners and Creation of a legislative frame work for promotion and protection of whistle blowers.

Mr Speaker, whilst we are addressing these legislative and structural issues committed to in the Alotau Accord Resolutions, some Members of this Parliament still believe that the public service is over staffed and overpaid. They even suggest that savings from reduced staff and pay cuts can be diverted towards infrastructure maintenance and development.

I would like to correct these serious misconceptions about our public service by demonstrating the extent of under-staffing and to show that the real value of average public employment earnings has been falling progressively prior to the O'Neill Government coming into office in 2011.

Mr Speaker, broad based analysis of historical staffing and productivity trends across the State Services demonstrates that in all areas of service delivery, population growth has outstripped the growth in pubic employment numbers.

13/01

- In the 30-year period 1982 to the present day, in round figures, the numbers of the public employees funded through annual budget appropriations has increased from 60 000 (including 2 000 no citizens in 1982), to 100 000 (including 200 non-citizens in 2012).

- During the same 30-year period, in round figures, the population has increased from 2 million to more than 7 million.

- Hence the ration of all public employees per 1 000 of the population has decreased by one half, from 30 (60 000/2 000) down to 14 (100 000/7 000). We should by now have 180 000 public employees in all categories instead of the current 100 000.

Over the 30-year period, reductions of staff numbers to population size are particularly alarming in Law and Order, Health and Teaching Services – there are the three priority services areas of our Government.

- Ration of uniformed and civilian personnel in the Police Force per 1 000 of the population has decreased by 68 per cent down from 2.5 per cent (5 000/2 000) to 0.8 (5 500/7 000), explaining serious increases in law and order problems. Police numbers now be 12 500 instead of the current 5 500.

- Reduction in the number of warders to prisoners apply in the Correctional Services which should now have a staff contingent closer to 2 250 instead of the current 1 400.

- Ration of health workers (all categories in government and church run health facilities) per 1 000 of the population has decreased by 60 per cent down form 5(10 000/2 000) to 15 000/7 00), explaining increasing patient rations and falling health standards.

We should have another 15 000 health workers – that is another 500 doctors, another 12 000 nursing staff from CHW's upwards, and another 2 500 para-medical and support staff.

- Ration of teachers (all categories in government and church run schools) per 1 000 schools age children has decreased by 37 per cent down from 45(18 000/400) to 32(45 000/1 400), explaining large class sizes, contributing to reducing education standards.

We should have anther 25 000 teachers from elementary to secondary level to maintain acceptable class size and teaching standards.

Mr Speaker, whilst we should expect productivity gains from improved technology over the years, these staffing short falls go beyond such gains. We must conclude from

these figures that the lack of quality and timely services delivery is due largely to lack of trained, experienced staff, apart from the lack of infrastructure.

The Government is already implementing its plans to increase staff capacity in the following employment categories.

- Police, Defence and Correctional Services trainee intakes,
- Teaching Colleges and Universities staffing and graduate intakes,
- Nursing Schools staffing and trainee intakes,
- Hospital Management and staffing intakes, and
- Public Services graduate development and cadet programs.

At the same time, Mr Speaker, the Treasury Ministry has identified in the 2013 Budget Book a number of agencies (which are funded from the Public Purse) which can be rationalized. We have established a Central Agency Committee to review the need to amalgamate some of these agencies to make savings and help overcome staffing shortfalls in our Law and Order, Health and Teaching Services.

Mr Speaker, the Papua New Guinea School of Government at Regional and Provincial Level,

The Institute of Public Administration is being transformed into a semi-independent PNG School of Government, which will focus on work force development programs through Regional and Provincial Training Centres.

An independent board, not under the direction of the Department of Personnel Management, will promote staff training and development programs focused at the Provincial, District and Local Government level. The Board will establish partnerships with, relevant domestic and international training institutions to deliver quality tailor made capacity development programs to our public servants. An example is the collaboration and partnership between the IPA and the Divine Word University.

Cost to the Public Purse and Real Estate Values of Earnings of Public Employees – Mr Speaker, a fair level of remuneration for public employees to enable them to meet essential living cost for themselves and their families is an essential ingredient of effective service delivery.

14/01

The State as employer has an obligation to maintain public earnings at a fair level; we must motivate our public employees including the motivation with a housing issue that many honourable leaders have already undertaken to take action. The personal emolument cost of public employees over the 30-year period from 1982 has increased from K500 million in a total annual budget appropriation of K1.5 billion to K2.2 billion in a total annual budget appropriation of K10 billion.

Hence we see that a proportion of annual budget appropriation has actually reduced down from 33 to 22 per cent of total annual budget appropriation due in part to rapid localization of non-citizen staff reduced from 2 000 in 1982 to 200 now.

This demonstrates that the proportion of public funds allocated to goods and services, debt repayments and infrastructure maintenance and development has increased at a higher rate than the proportion allocated to personnel emoluments.

The increasing size of the public sector pay bills is not of itself a cause of reducing productivity and poor service delivery.

Mr Speaker, average public sector earnings over the 30 year period has increased in round terms from K7500 to K26 000 per annum that is more than three-fold or an average rate of 4 per cent per annum. Whereas inflation caused by devaluation of the kina by 70 per cent over the period has increased the cost of living by a factor of 4 times or an average rate of 5 per cent per annum.

Therefore, despite general public sector pay increases averaging 4 per cent per annum for 30 years, the real value of average public service earnings in kina terms has reduced by over one-third due to the higher rate of inflation caused by successive economic crises in country from 1992 to 2000.

In terms of the value of average earnings in Australian dollars in 1982, K7 500 was worth A\$11 250 when the exchange rate was K1 = A\$1.5, today K26 000 is worth A\$11 200 at an exchange rate of K1 = A\$.43. But today, A\$11 200 is worth in Australian only one-third of its 1982 value, a reduction in overseas value of PNG average public sector earnings of two-thirds.

Mr Speaker, in the past six years the underlying rate of inflation has increased progressively to over 6 per cent and rising to 8 per cent as a result of the rapid rise in economic growth of above 8 per cent per annum which is predicted to continue.

Our Government, therefore, recognized in the 3-year pay fixation agreements with public sector unions that subject to affordability average pay rises must now at least match the rate of inflation.

The real value of average earnings must at least be maintained.

Mr Speaker, general pay rises averaging 8 per cent per annum have been built into current pay fixation agreements from 2011 to 2013 distributed in percentage terms to benefit the lowest paid in a ratio 10 per cent per annum at the lowest paid to 6 per cent per annum to the highest paid. The average of 8 per cent per annum is also in line with economic growth and increase in annual budget appropriations.

Hence by virtue of underlying pay policy and the need to at least stabilize the real value of average earnings, the Government has determined to continue the current pay fixation strategy for the next three years and negotiations will begin this year.

Mr Speaker, there is also a need to increase earnings of key professional and technical groups above the average rate as we cannot expect secondary school teachers to raise teaching standards when their net pay is around K600 per fortnight.

Teachers, health workers and disciplined services personnel have been hit hardest by work demands due to reducing numbers of staff per capita and deteriorating infrastructure. The need for above average pay rises for key industrial groups will be addressed in this coming round of pay fixation negotiations and in successive budgets over the next five years and beyond.

Mr Speaker, overcoming lack of management capacity, restoring respect for authority.

The government is facing a more aware and informed public prepared to question government on its failures to deliver including the rampant rise in corruption and misappropriation of public funds. The Government is developing employment strategies to overcome these problems.

Conflicting demands for public funds outlined above have placed intolerable demands upon our public sector leaders. Lack of management experience and ability to

provide leadership in these circumstances results in a sense of failure and disillusion by public employees at all levels.

15/01

Therefore, more innovative public sector employment solutions must be sought utilising the experiences and best practices of other developing nations faced with similar dilemmas of rapid economic growth and the need to bring service delivery to a tolerable level.

Mr Speaker, in the current bills before Parliament, the Public Service Ministry is preparing to bring into key areas of health, education, law and order and district administration opportunity for engagement of aid-funded technical advisers to fill the knowledge and experience gap which I have demonstrated. I know that this issue was raised in public by some of the leaders previously but as Minister responsible for Public Service and given the statistics that I have outlined, it is very important that we pursue deployment of outside experts so that they fill these gaps, particularly in the priority areas of provinces and districts.

Mr Speaker, in this regard, nobody will replace Papua New Guineans from their substantive positions and they will report solely to the respective agency heads, declare conflict of interests and swear loyalty to the State. Those are some of the strategies that has been planned and papers are being prepared for Cabinet official approval.

Mr Speaker, another innovative solution to pursue is outsourcing of services or contracting out through joint venture contracted arrangements between government agencies including provincial governments and the private sector service providers. The purpose of outsource service delivery to the private sector is to overcome a lack of public sector management skills, particularly in engineering, financial, project design, evaluation and monitoring which our Prime Minister has alluded to in many of his public statements. At the same time, it is expected that the injection of private sector management will develop a greater respect for authority and work ethics. This strategy can only succeed where proven private sector capacity exists. A submission on an outsourcing policy for this purpose is currently being developed.

Stopping misappropriation of public funds and restore public infrastructure and public confidence – Mr Speaker all government efforts to restore services to rural areas will come to nothing until we are able to restore essential infrastructure. We must have good roads, airstrips, schools and clinics. The Government has demonstrated that through the 2013 Budget and declaring 2013 as the year of implementation.

Mr Speaker, however, evidence of rampant stealing of public funds through the public procurement processes at all levels is emerging as the Government prepares to deliver greater levels of funds to the districts and local-level governments.

The Government has substantially improved upon financial regulations governing the applications of development funds in the design and procurement for projects in provincial and district levels and this is not the full story. While this process comes under the *Public Finances Management Act*, the competency, integrity and the application of individual public servants must be made subject to the independence scrutiny.

The Public Service Ministry plans to introduce a Public Service Inspectorate working with the private sector and auditors for instance. The Inspectorate will place emphasis on proactive audit through offices established in each region and through integration of human resource and finance offices at the provincial and district levels. The focus will be to ensure that the procurement processes are monitored to prevented misappropriation or misapplication.

There needs to be more prominent stand alone ‘whistle blower’ legislation to encourage and protect individual public servants who act in protection of the respective governments. A Cabinet submission is being prepared for this purpose. This approach will boost the efforts of the hard working Sweep Team.

Minimum organisation in staffing standard for service delivery at district and local-level wards – Mr Speaker, the brunt of reducing service delivery has been felt by the majority of the population residing in rural areas. Current statistics show that 87 per cent of our people reside in the rural areas, hence, the Government’s drive to establish the minimum facilities and numbers and categories of public employees who must be present at each district and each local-level government. Establishment of minimum standard is a joint initiative of the public service and the provincial and local-level government ministries.

16/01

I trust that this Parliament does appreciate the true picture of employment in state services and the organizational and staffing strategies that I have outlined which can be summarized under the following broad headings.

(1) Strategically increase numbers of public employees per head population in the critical state services, particularly the public expenditure priority areas. And I must in this regard commend our Prime Minister's leadership in that the 2013 Budget basically demonstrates that commitment and therefore action has already been taken.

(2) Motivate public employees by restoring real value of earnings through affordable pay fixation policy and three-year programmes.

(3) Overcome lack of management skills, leadership and respect for authority through engagement of outsiders under a PPP joint venture arrangement.

(4) Boosting our public sector training institutions, the Institute of Public Administration School of Government and its regional and provincial centres, the University of Goroka Teacher Training, Madang and Port Moresby teacher training colleges, nurses and CHW training colleges, Police and Correctional Services Bomana Academies.

(5) Stop misappropriation of public funds and restore public confidence through a creation of regional public services inspectorates to collaborate with private audit companies.

Given that effective service delivery beginning this year, the Year of Implementation is the number one priority of our Government, the strategies and actions I have outlined demonstrate the seriousness and determination of the Government on this important issue.

In this regard, I wish to acknowledge and thank Parliament for establishing the Special Committee on Public Sector Reform and Service Delivery chaired by the Honourable Bire Kimisopa to complement the Government's initiative. And we will wait for the Committee to recommend on the Floor of Parliament some of the initiatives that we need to take in order for us to further reform our public service.

Mr Speaker, I wish to acknowledge the leadership provided by all honourable leaders, especially governors and all Open Members in supporting the Government in

giving due attention to the public service. And further acknowledge the leadership now being provided by our heads of central agencies through the provincial and regional workshops that are now being concluded nationwide.

I also wish to acknowledge the efforts of all public servants in this country over the years. I know, Mr Speaker, on the Floor of this Parliament, we have always denounced all public servants. We always say that they don't perform, are corrupt and spoil the system. But I think it's time for us to also say thank you to the many public servants who have professionally and proficiently stood strong and also continued to participate in the development of our young country.

Mr Speaker, I am deeply pleased at the collaborative effort of all of us. We have surely set a very good basis of addressing this chronic and disabling issue of ineffective public service delivery in our young country.

Please keep up the good work. I will still continue to need your support in this most honourable task.

I thank you, Mr Speaker.

Mr BIRE KIMISOPA (Goroka) – I move –

That the Parliament take note of the Paper.

Thank you, Mr Speaker. Let me, firstly, on behalf of the Special Parliamentary Committee which this Parliament appointed to look into the public sector and especially services delivery, commend the Minister.

I think he set the template for us. I think a word of caution is needed here because if you look at the thrust of the presentation now, it is pitching that we increase public service number in terms of the population.

So, in terms of police we should be increasing by about 1 000 police personnel every year until we come to the threshold where one is to 400 as per the requirement of the United Nations.

Mr Speaker, if you look at Budget 2013 in terms of public service we appropriated roughly K3 billion for goods and services, K4 billion for personnel emoluments, totaling K7 billion.

17/01

Our expenditure for 2013 in so far as the budget is concerned is K13 billion. Out of that K13 billion, the Public Service used up K7 billion, which is over half the total. If you were to run a company this would not be the way to run it. More than 60 per cent of the entire cost was consumed by the public servants.

The other thing that we have to realise is that our people are watching us. They are always watching from previous to the present government. In reality what they are saying is that, when they look at the Public Service they envision that water supply should be available to everybody, medicines should be available to all hospitals, clinics and aid posts, no shortages of power supply, and et cetera. These are what our people are looking at and this is as simple as it get.

Mr Speaker, we also need to realise that we are not getting value for money. For instance, if you look at the criminal justice system and start from the police right up to the penal system you will find that our prosecution failure rate in this country is horrendous.

In NCD alone, when I was the Minister for Police some time ago and at the height of the ECP Programme, we did a survey and found that there were about 650 cases for committal courts. Nevertheless, 80 per cent of them got thrown out at the committal stage.

What does that tell us? It simply says that people are interfering with police prosecution or that our police are incompetent. Therefore, it begs the question; should we increase the number of our police personnel or invest more money in critical infrastructure, police training and so forth?

Mr Speaker, I am pleased that with the arrival of Australia's Prime Minister, Julia Gillard had a cordial conversation with our Prime Minister with the prospects of bringing back the ECP Programme.

If you talk about the Public Service and you look at the Police in isolation of the entire Public Service the story is this; you have sick doctor in this country trying to administer drugs to a sick patient. Our police are sick, I do not like to use the word corrupt, and they are trying to enforce the law. That is why you get a higher rate of prosecution failure at the committal court.

We cannot increase the numbers of the police without investing money into critical infrastructure, and that is the point that I would like to make. Therefore, we cannot increase the size of the Public Service.

Mr Speaker, the population is growing at 3 per cent per annum and sooner or later we will be overrun by public servants. We have to control our population growth and if our population is 7 million then we are going to add 210, 000 more children by next year. That is the reality and we have to cut back and get value for money. Therefore, we have to consider and factor in the population growth of 3 per cent.

Mr Speaker, the other thing that amazes me in this country is the financial reporting system of government in this country. We are the only country that can shut down bureaucracy for three or four months. In November nobody goes to work and by December you guys are gone to sleep because you have shutdown the public accounts saying that we have to rollover.

The public accounts remain closed from January through to March and we are all waiting for the accounts to open. You cannot run a country like this, we have to look at this seriously and perhaps this is the opportune time for my committee to have a look at some of the models in this country which are not working. We cannot have accounting here from January to December when in actual fact we only operating for only eight months of the year. This cannot happen in this country. We have to change because what is the point of having a budget when you cannot even implement these things.

When you talk about the Public Service then these are the real issues on the ground. There are no medicines in the hospitals and health centers and people are getting away with rape and murder while we talk about it and that is a fact. Therefore, essentially the conversation around the Public Service must be about capacity building, getting value for money and quality and this should be the thrust of our debate.

Mr Speaker, the other thing that I wanted to talk about is in regards to procurement fraud in the Public Service to obtain stationery for schools, hire cars and et cetera, all these procurement from A to Z is misapplied.

18/01

It's high time we start subcontracting some of our business because we have to be honest and tell ourselves Mr Speaker, that we are incapable of delivering service to our people. We give the money for service delivery but take back half to use for our own benefit. It is not going to work in this country.

Mr Speaker we haven't started yet. May I remind of the House the Special Parliamentary Committee on Public Sector Reform and Service Delivery. I think we need to bring some fresh air into this house.

It's an independent committee on behalf of this Parliament and perhaps we could look at the accounting cycle as one, look at prosecution failures as another, look at the wages for public servants and I agree with the Minister for Public Service. I think we need to pay our people a little bit more. Our teachers ought to be paid above the K600 fortnightly. I agree with that because, Mr Speaker, University of Goroka is on the verge of shut down now because the students are hardly in school any more. They refuse to go to school because they are fighting with University administration and these are students we believe in the next few years will be teaching our kids and if they are going go on strike like that we are going to have a serious problem

Mr Speaker, let me conclude by thanking the Minister and hopefully the Minister for Finance, the Honorable Mr James Marabe, can be proactive and kind enough to appropriate the funds that my committee requires so that we can get on the kind of work we ought to do for this House.

Mr WILLIAM POWI (Southern Highlands) -Thank you, Mr Speaker. I wish to also join in this debate. Firstly through you, I want to take this opportunity to congratulate the new Clerk that has been appointed by the National Executive Council.

Secondly I want to commend the Minister for Public Service for this very important Ministerial statement on the general Public Service in this country.

Now that the National Government is looking in terms of 2013 as the year of implementation, if you look at the functions of members of Parliament and the functions of implementation, which category of the Government is responsible for implementation? In my view, I think there's been a lot of confusion, in relation to implementation of

Government policies. Implementation of government policies rests squarely with public service machineries; you and I will come and go. The future of this country hinges on institutionalized, robust and responsive public service system to deliver service; I think most of you will agree with me.

We need to understand our role as members of Parliament. We are policy makers, we are legislators, we set strategic framework, we are not the makers and doers, we tend to become makers and doers and that's where we go wrong.

I think we need to appreciate the system that was built over the last 37 years since independence. Yes, there may have been some things that may have come good and come wrong but only if you understand your function and this system of government you begin to appreciate this system we have, in terms of service delivery.

Many times I have been sitting here and I've heard very pessimist views about the functions of public service and implementation and the other important thing that I need to raise here is we need to appreciate the system where we have gone wrong. We need to take stock and put in place corrective systems to serve our people better. You look to yourself, I think the bulk of the problem is Members of the Parliament trying to be the engineers and accountants and implementers. I have seen this over my experience in the public service.

You want to make ends meet and you don't believe in the system because someone is trying to guide you to do this and that and you try to run away from it and develop a parallel system to suit your purpose. The parallel system will not work because it's outside the institutionalized public service system. Those of us who are new to Parliament, I think it is our responsibility to put in place a strong vibrant responsive institutionalized government that is geared towards service delivery.

19/01

If you do that, PNG would have done better over the last 37 years. If we improve those institutions that are to develop and deliver services, we will set the phase for future progress of this country.

Having said that, I urge the Minister to take stock of what is the level of public service now, the size, the working culture and 30-40 years from now, where do you want

to take us to. You will need to take a diagnostic view of the existing system of the public service.

PNG is suffering from a lot of policies and practices of system of government colluding and crashing. Some of us have been raising issues about the joint district budget priority committee, the provisions in the Organic Law not working in line with finance and other legislations and about implementation systems and other laws that operate within the public service. We have heard that PNG is suffering from disjointed governance syndrome because there are so many laws and system processes that are becoming impediments rather than providing service delivery. So we need to look at the elements of the systems we have.

Can we look at whether the public service has served its purpose? Is it linier, robust and responsive to the directions of the Government? We have to look at these things in a holistic framework in order to deal with the issues of governance.

You and I are policy makers. We set the strategic framework. It is the makers and doers that we are dealing with. In the study of government, I have realized that the work of the public service is like an elephant. You feel the leg and assume that you know the animal that you are talking about. You feel the ear and you have already touched the big elephant but you have not touched the whole. That is what we have been talking about when we refer to our district administrators not working. We are dealing with it at a piece-meal basis rather than on a holistic manner. PNG needs to set a proper frame work for us to put in place a strong institutionalized public service system, robust responsive system in this country.

There are so many reforms and reports of reforms are countless. If we need to achieve the priorities of the government we need to put together a stronger reform that looks at the entire system of government to deal with these chronic systems of service delivery.

I think we need to look at housing. Housing rental for public servants is at K7.00, so how can you afford a decent accommodation with only K7.00. When you look at the frontline service providers, who are you looking at? You should be looking at community health workers in each province and the primary school teachers. The policemen are also front liners to implement government policies.

20/01

Mr Speaker, the Police endorse the front line and students who are going to school will always want to be community health workers, teachers, and here we are talking about service delivery, implementation and good governance, yet, we have been here year in year out overlooking the important people who in the front line of the implementation of government services.

Mr ROY BIAMA (Middle Fly) – Mr Speaker, I also like to contribute to the Statement presented by the Minister for Public Services.

I believe, we as the Government have entirely denied the rural communities, especially my electorate of Middle Fly, the benefits of service delivery. If I can remember correctly, those schools that you and I went to get our education in the rural areas are not operating or are closed.

I wish to support the Minister for Public Services that I want to see many teachers going into the remote rural areas to educate our children because the population is growing rapidly in the remote areas. As Members, we have done all our best to make sure that education infrastructures or facilities are in place for the children to be effectively taught. A classical example is the teachers' housing needs. We have teachers' positions being advertised because there is no housing to accommodate them.

Mr Speaker, I have consulted my provincial assembly and was told that there are positions created but there are no teachers. What have we done with the money or does that money go back as consolidated revenue? Or do we use the money that the National Government has appropriated for us?

In regard to district hospitals, I have built my district hospitals, however, there are no doctors. I want a good number of medical officers in my hospital so that my staff on the ground should give me a monthly report against their code. We have been faced with a dilemma of identifying which code to apply in the church-run hospitals or health centers. If there is no code then it implies that the staff are illegally operating.

Mr Speaker, I was asked by my district administrator to see the Secretary of the Health Department. I have written a letter to the Minister and I am waiting for him to give a good answer to inform my people and the staff working there. It is not fair to see

that the North Fly and South Fly having their staff under the Government Payroll system. But I am happy that my staff are also being paid by the Government Payroll system and not under the church.

It has been three years since the completion of the hospital. Am I going to wait for another three years to get this code number? I just want a code number so that my office can report according to the code number.

Another issue that I want to raise is on law and justice, which I have made as my priority. I have establish a Police Station, the Court House and the Rural Lockup.

On the issue of Policemen and women, I only have three Police officers attending to law and order problems amidst 67 000 people in my electorate. When you look at real enforcement unit in my local-level government areas, there is hardly any policemen and women there.

21/01

Mr Speaker, before I became a Member, I remember that the Australian Government built three houses for the police officers and six staff houses at Balimo headquarters, Middle Fly headquarters and even in Lake Murray and Normad. There is hardly any police personnel present or even willing to go there. The only law enforcers are the regular reservists who go around to control the criminal activities. We do not want the reservists any more because other provinces have done away with the engagement of the reservists and so we want to do the same thing. We have a serious problem out there and we urgently need more police personnel.

I have already built 20 police houses and six for other workers plus one for the station commander, which adds up to 27 houses so far at my headquarters. I urgently need a resident magistrate. Unlike now, when I was a child, we use to have a magistrate. I have also built a house for the resident magistrate and additional court staff which includes a filling clerk, court clerk and an extra staff. And I have even built a permanent rural lockup but there are no CIS officers present. When I took some of the CIS officers to my electorate they decided to come back and all the staff houses and rural lockup are stagnant.

Therefore I ask the Public Service Minister to engage more public servants in the rural areas rather than main centers only. We got the staff houses and we want the public servants to live in it and serve the rural communities.

Mr DANIEL MONA (Goilala) – Thank you Mr Speaker, I would also like to support my other colleague members to debate on the Public Service Ministers important statement.

First of all, I thank the Minister for bringing this policy but basically when you look at the public service we need to see where our focus is; as mentioned by the Governor of Southern Highlands on service delivery. What service delivery are we talking about? Are we talking about service delivery at Waigani? Are we talking about the contract officers who get fat salaries, or the small community health worker who is climbing mountains to deliver a basic health service to the most remote parts of this country? Here we have four categories of public servants; Ambassadors to other countries, public servants in provincial headquarters, Departmental Heads in Port Moresby and the public servants based in the provinces but are out in the districts and electorates.

I think it's about time now that when we present statements we need to focus on who we are really targeting. If it's for service delivery then let's target the rural areas until the people see an aid post and community school reopened in the rural areas. Only then they will know that service delivery is happening. But when that is not done, they just watch on *EMTV* and clap their hands and say these are the same old stuff that we have seen over the last 37 years.

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Is the Public Service Minister creating some incentives to attract public servants to the rural areas? If we are going to pay them the same salary that a community health worker in Port Moresby General Hospital is getting then the person is definitely not going to go because he might miss out on the good social life he enjoys in the city. And he will be living and looking at the same people day in day out for the number of years he works there.

We need to check and see where all the money for the public servants is going and until this is done, we are not going to improve service delivery in this country. This is a very serious problem. It seems that we are recruiting police to work in the cities and towns because I don't have regular policemen in my district.

Can we make it a requirement for each Open Members to send 10 people to the Police Training Colleges to serve their districts after their graduation? We are sending people to community health workers training colleges and teachers colleges, but are they going to come back and serve the rural areas or are they going to hang around in Port Moresby? Therefore, we need to refocus on where the public servants are going to go after their training. Are they going to work in the rural areas or will they work in the cities and towns?

We have a very good paper here prepared by very professional people in Port Moresby but my concern is will it work in the districts because this is where my people who elected me want to see service delivery. So the service delivery we talk about in Parliament is not delivered and when I go to my electorate, the people laugh at me because they don't see a community health worker or teacher. Those are the public servants that people want to see. Therefore, we now have to refocus on which public servants we are talking about. Can we leave the provincial and Waigani public servants out and focus on the rural public servants? Can we go district by district and do an audit and restructure the whole district administrations and monitor whether the public servants are on the ground to serve the districts? We should have a uniform district administration for instance, if you have a fisheries officer in Abau, we should also have a fisheries officer in Goilala. But what is the fisheries officer going to do in the mountains? I should have more health workers and teachers rather than fisheries officers.

This particular officer is going to enjoy his life here in Port Moresby because we don't need a fisheries officer up there but he is still going to be on the payroll because the position is created by the State. So we need to review what type of public servants we need in respective districts.

The Public Service Minister should give me the powers so I will see the needs in my district administration and what sort of public servants I need. I should not have the same set-up as the one in Finschhafen, Kandep or East New Britain.

A public servant in a rural area needs to be physically fit to walk. If you send policemen in 10-seater land cruisers in Port Moresby, they are not going to walk in the mountains of Goilala. So what type of policemen are you going to send to my districts? No wonder they are not going to my districts because it is very remote and they cannot use their 10-seaters anymore. They are required to walk and they don't want to do that because they are not physically fit and alert to walk the mountains of Goilala. So what alternative and incentive do I have to attract policemen into Goilala District?

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What incentive do I have to create that kind of extra fund to lure those that are attracted by money to come and work in my district because the focus now is, 'if there is big pay then I'll go and get that job'. So we need to see the trend now. That's why we are losing a lot of public servants to the private sector because maybe the LNG will pay them more than what they are getting at Waigani.

So, we are losing a lot of our public servants. We also have a lot of them on government scholarships at universities, some are in Australia, but when they come back, are they going to work for this country or are they going to get a masters degree and then go off to greener pastures.

What laws do we have in place so that we can retain them? They use State money to go for overseas training then come back and go to the private sector. We also need to look how we can keep them in the public sector.

Mr Speaker, I want to emphasise on this so that we know which public servants we are talking about. Are we talking about the Waigani public servants that we always talk about or others?

Can we put up a system to encourage public servants to go and work in rural areas and then people will believe that what we are saying here has some weight and it has value. Otherwise, it's just the same thing that we have been saying over the last 37 years.

Mr KEN FAIRWEATHER (Sumkar) – Thank you, Mr Speaker and thank, you to the Governor of National Capital District for recognizing that I am back.

I thank you all for permitting me leave when I couldn't attend the Parliament.

I think this is a good debate and I particularly enjoyed the last two speeches. I think all these things scatter around the real issue of the public service, whether it's at district, provincial or national level.

It's about discipline. Unless you can discipline them, unless they can get the sack, unless they can be fined, unless it really works, don't bother with all those reforms because they won't work.

There's the Member for Goilala. It's a nice place, actually, Goilala, but no one will go there. He's quite right because they don't have to before, you pull that stunt you get sacked. Don't worry about what the pay is, don't worry about the picture show in Moresby, you get the sack. That's what you've got to look at.

The problem in the Madang Province and districts, the Member for Usino-Bundi will tell you, is in buai. Unless you can cut out the buai and the booze, you're not going to get anywhere. I've got public servants whacked from 6 o'clock in the morning till midnight, spaced out on buai, spitting it out everywhere. Undisciplined!

And then the police get on the booze and wreck the new cars. If I were you, Roy I wouldn't have asked for police. You can have my police, if you don't have any. I'd be better off without any. That's what you've got to look at, Minister.

Get into whatever act that you're putting together and make sure that you can discipline them. If you can't discipline them don't waste our time here talking if you can't do anything about them. Do something about discipline. That's what it's all about.

The systems are already there. They are already in place. The systems are quite good. It's no good reforming them; you've got to reform the attitude of the public servants. And unless you cut out the booze and the buai, you'll get nowhere.

The Member for Usino-Bundi Member did it himself the other week. I was really proud of that, Anton, good for you.

Member – Members are also chewing buai in the Parliament.

Mr KEN FAIRWEATHER – That's wrong too, ask Powes Parkop, I am sorry, Honourable Powes Parkop. He's got the right attitude.

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He has got the right attitude.

I am sickened when a public servant comes to see me and has his or her mouth filled with buai. If it is a man I have a swing at him and if it is a woman I chuck her out. That is the only way to do it. You all know what I mean, this is very unacceptable. Every office is whacked on buai. We must be the only country in the world where the people are drugged all the time.

(Laughter in the Chamber)

Mr KEN FAIRWEATHER – Someone told me where the (...*inaudible*...) was but I do not even know where that is but somewhere on marijuana or something. It is true is it not; you just cannot get away from it.

Mr Speaker, that is all I going to say and I am not even going to vote for this unless there is some strength in doing something about disciplining the Public Service.

Thank you.

Mr PETER O'NEILL (Ialibu–Pangia – Prime Minister) - Mr Speaker, I too would like to contribute to this debate and the statement made by the Minister for Public Service.

The Public Service is a topic that ignites a lot of passion so it is good to see a lot of Parliament Members expressing what we all feel and we have been feeling this for quite a long time. I also believe that many of the problems that we face in the country are because of our inability to manage the Public Service.

When we introduce some legislation we must remember these discussions which we are having today because when we try to put some legislation to fix some of these problems people think that we have to be mister nice guy. Sometimes we have to make some tough decisions for the interest of the country and our people.

Since Independence we have seen the decline that is happening in the Public Service. We have heard stories from the Members for Middle Fly and Goilala. This is not only unique to them because it is everywhere and many of us have the same problems.

I for one believe that we have allowed many of these institutions to collapse. As a result the only job that our public servants and sometimes our senior public servants do is turning up at the airport promptly on time. That is the only job I see them doing well because even sometimes when we call for meetings they do not turn up. This comes to discipline that the Member for Sumkar was talking about; disciplining yourself, to the work that you are committed to do or paid to do. You are not doing it for free because every tax payer in this country is paying us. We are here doing a job because we are asked to do the job that we are paid to do.

The government is looking at some options and one of the options that I introduced when I was in the Opposition was a small Bill called the District Authorities Bill. This is a simple Bill that gives power to the district what we now call JDP but legislated so that you manage every public servant in the district.

Thanks to the Minister for Forests and Member for Aitape-Lumi (Hon. Patrick Pruaitch) when he was the Leader for Government Business, we were able to pass that Bill through.

Somehow the public servants got wind that we were trying to revolutionise and change the Public Service structure so the Bill never got signed. Therefore, what we will do is make that attempt now. Right now the public servants are appreciating what we have been trying to tell them over time and time again. We are not trying to replace anybody or sack anyone. All we are trying to do is get you to do the job because putting another Papua New Guinean on the street is not our priority. We have got enough unemployment problems already and what we want to do is to make sure that we all deliver the services that our people are demanding for.

The issue regarding District Authority is very simple. The district administrator or manager that is now on the ground must be the head of the public service machinery on the ground. Like the provincial administrator on the ground is the head of the provincial public servants and that means that he has been given approval to hire and fire. If a policeman is paid and does not turn up for work the district administrator must have the power to fire him. The district administrator then in turns reports to our district authority which a Member of Parliament or Governor is chairman of.

This is quite simple and then you will then be able to take hold of every public servant who is working in your district. This is because many a time for those of us who come from rural community and we know this experience. I have been here for 10 years and this year will make it 11 years and I have seen this day in day out. Most of the rural teachers get allowances and additional pay to go to those postings and the education Minister can confirm this. Nevertheless, even with more pay they will never go there because they enjoy their lifestyle in the cities and towns. That is why many of them are on the payroll but they do not turn up for work.

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The Education Department in Waigani does not know that the teacher in my community school in one of my village doesn't turn up for work. But that teacher out there thinks that he only reports to the Secretary for Education. He doesn't report to anyone. When you try to discipline him, he says, who are you? He does not care if he turns up or not. So this is where the break down has been happening.

We need to get that teacher to report to the District Administrator and when the District administrator notices that teacher has not turned up for work, he must be able to sack him and get him off the payroll immediately. Once he's off the payroll, you will see him jumping up and down then you will see him turning up at the Goilala District Administrators office to say where is my pay, why am I not on the payroll.

Therefore, when the District Authority Bill comes here, please, we do not want to see people going against the Bill we are going to reform it from ground up. I know that that was a good statement from the Member for Goroka. It is not about putting more policemen on the street.

For the last 10 to 20 years, we have not trained police prosecutors, we can arrest people but if not prosecuted well then we cannot punish that culprit. Same thing if we don't have proper Police investigators. We have not trained one investigator in the last 20 years so how do you make the right decision? These are the sorts of things that we have been lacking for quite some time and it's good to know that we are working with the Australian Government.

Today the premier for Queensland is visiting us and as a priority area, he has committed to helping us and making sure that we try and recruit some policemen that fill those gaps so they can prosecute well, investigate it well they can bring forensic people to do finger printing and all the other investigative technologies and training that we need to advance in on our police force. It is a major challenge but I am certain that we can work together. It must be this Parliament driving the change. Don't think that somebody else will come and do it for you. Don't think that it has been happening for quite some time that it is someone else's problem.

Australians are not going to come here and baby-sit you forever, we have to take ownership of those issues. This Parliament needs to take ownership and make sure that we reform the structures that new are proposing and the main one being the District Authority.

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

ADJOURNMENT

Motion (by **James Marabe**) agreed to-

That the Parliament do now adjourn.

The Parliament adjourned at 4.07p.m..