

SEVENTH DAY

Thursday 23 May 2013

DRAFT HANSARD

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SEVENTH DAY

Thursday 23 May, 2013

The Speaker, **Honourable Theo Zurenuoe** took the Chair at 10 a.m., and invited the Member for Obura- Wonenara, **Honourable Mehrra Kipefa** to say

Prayers:

‘Father we give you all the glory, honour and praise. We thank you for who you are and we thank you for the many blessings that we have given us, thank you for the day as we go into discussions about the country’s affairs we ask you to be in the midst we pray for your blessing, Amen’.

QUESTIONS

Mr ATON YAGAMA – My question is directed to the Minister for Justice and Attorney General.

Mr Speaker, during the last Parliament session in February I asked the Minister a series of questions in regards to the Lands Title Commission’s decision on the land issue at Kumbukari mining area.

Mr Speaker, I was assured at that time that a decision will be done between the end of March or early April and we are now in May and my people of Usino Bundi are still waiting for the Land Titles Commission decision as to who are the true land owners. The Commission has been telling my people for the last 20 years the same story and we are sick of anymore delays.

Mr Speaker, my people now have a very low opinion of the commitment of those people responsible for handing down that decision.

My questions are:

- (1) Why did the Land Titles Commission not make a decision on the date you told this Parliament they would?
- (2) Why is the delay?
- (3) Has this delay been fixed?
- (4) When can my people expect a decision?

(5) It has been dragging on for 20 years now and if these officers are incompetent, can the Minister replace them and appoint new competent officers to speed up the process?

Mr KERENGA KUA – Thank you, Mr Speaker, the Land Titles Commission hearing into the traditional land ownership of the mine area of Kumbukari and the Ramu Nickle Project continues to remain a very important issue for this Government.

In important projects like that we need to have proper collaboration and cooperation and unity amongst the project developers and the local people in order to ensure and facilitate for the success of the project to the benefit of the people, the province and the country as a whole.

The procrastinations and the delays that we have faced in the completion and finalisation of the LTC hearing into the Kumbukari land owning issue continues to remain a concern for myself and this Government.

Mr Speaker, the Honourable Member for Usino Bundi did raise a question in February this year and based on presentations given to me at that time I did say a decision should be expected before the end of March. But at that time I made that commitment and advised the Parliament of the representations given to me in February, little did I know what God was going to do in the month of March and April. In March and April there was a lot of rain in Madang and part of the compulsory processes of the LTC hearings were delayed before they could deliver and judgement a decisions made.

02/07

Before they deliver the decision, they have to do a site inspection. As you know, the road leading into the site runs along the coastal flood plains and because there was a lot of rain in those two months, the commissioners were not able to drive to the impacted areas for a site inspection.

So I am advised that as soon as the rain stops and if they see that it's possible for them to get to the impacted areas, then they will go there. I was assured by the commissioners that the report is substantially done and they will have it finalised and published at the end of June.

For the benefit of this Parliament and the people of Kumbukari through the honourable Member the deadline is end of June.

Mr SPEAKER –Thank you honourable Minister, I would like to take this time to remind all of you that when asking questions please get to the point. Please refrain from making long statements because we have limited time to ask questions.

Mr PETER IPATAS – I wish to direct my question to the Prime Minister.

Mr Speaker, on Tuesday, the Prime Minister answered a series of questions asked by the Opposition Leader and made a firm undertaking to investigate a certain law firm in this country.

I want to inform this Parliament that the general public are very happy to see the Prime Minister taking this bold position in fighting corruption, which has become a major problem in spoiling this beautiful country of ours.

The Prime Minister has assured the people to engage the Australian Federal Police to assist our own police personnel to investigate the law firm, Paul Paraka Lawyers.

Mr Speaker, it is in my view that there are other law firms, companies and individuals who have also benefited through similar scandals and illegal means.

What is the Government going to do about this other firms?

Mr PETER O’NEILL – I thank the honourable Governor for his question on the issue of payments coming out of Finance Department to law firms in this country.

Mr Speaker, the distinguished Opposition Leader asked related questions and we have gone forward, as I stated earlier on 13 May 2013. I gave specific directions to all our senior Ministers who are involved in the management of these affairs; Treasurer, Finance, Attorney- General and Public Service to carry out certain actions that I wanted them to do so to manage this issue so that we can get a firm resolution to it.

Mr Speaker, I gave specific directions not only to the law firm that has been mentioned but other law firms as well who are involved in this issue.

The investigation has been established and in fact on Monday, the Chief Secretary met with the Fraud Squad, Task Force Sweep Team and Australian Federal Police to investigate these matters.

We have referred all the documents out of Finance and Treasury Department to be sent to the Fraud Squad so that they can carry out an investigation in this matter.

03/07

The Fraud Squad can carry out an investigation into this matter. I want to assure the Governor that it is not restricted to one law firm. It is applicable to all the law firms throughout the country and that all the other payments that are deemed to be illegal, and this also goes for private companies. There are a lot of claims going in there that we know did not get the right approval.

So in terms of all law firms they must be cleared by the Attorney-General office and that is the law. The instructions must come from the Attorney-General's office for them to be engaged to represent the State.

Where there is no such instructions, then it is an illegal payment and I want to assure the Parliament that anyone found in breach of these will be held accountable and since the announcement, there has been a lot of rumours, blackmailing and accusations going around and we welcome those allegations but please let us do it in a proper and orderly manner.

Documents and issues must be presented before the Fraud Squad and the Australian Federal Officers so that they can then investigate them properly and charge all those people who are involved. That is a commitment that I make and assure the governor that all the documents that are related to all these issues will be sent straight to the Fraud Squad to take charge of these matters.

Dr ALLAN MARAT –My questions are directed to the Attorney-General and Minister for Justice. My first question is in relation to Eremas Wartoto.

Mr Speaker, the Foreign Affairs Office in Australia, as published in the newspapers, recently cancelled the 457 Visa for Mr Wartoto. The appropriate authorities in Australia ceased his properties, vehicles and bank accounts.

Under the proceeds of *Crimes Act* in Papua New Guinea;

(1) Are we able to do that in relation to Mr Wartoto's properties, other assets and bank accounts in Papua New Guinea?

My second question is in relation to the work of the investigation team. They have done an excellent job and investigations were done which led to the charges been laid followed by the committal proceedings.

(2) How many cases have been set out for trial in the National Court? The cases need to be heard quickly so that conviction can be made.

My third question is in relation to the charging of fees by private law firms, and whether the Attorney-General is aware of how bills that are issued against the State are taxed.

(3) Whether there is some active steps being taken to tax the cost of private law firms who are charging the state some of these excessive costs?

Mr KERENGA KUA – I thank the Member for Rabaul for his important questions. In relation to the seizing of assets, bank accounts and properties of Mr Wartoto in Australia, I want to say that the assets are for clarity have not been seized but have simply been frozen or taken control of by the Australian Federal Police pursuant to their laws similar to our *Proceeds of Crimes Act* in this country and also pursuant to the mutual assistance agreement that exists between the two countries.

04/07

So now they are helping us but there will come a time when they will require help in relation to Australian citizens or other companies operating in this country, and violating laws to which they will also be able to ask for our assistance. I must advise this Parliament that it has been progressing very well in the development of law enforcement systems and procedure on cross border crimes. It's a beautiful development and I hope that as time goes by, there will be more cooperation between Australia and Papua New Guinea on similar issues.

So Mr Wartoto's assets have been taken control of by the Australian Federal Police pending the finalisation of the criminal charges. There maybe a point in time when he is fully cleared of those offences then his assets will be revert back to him. But if he is found guilty then of course those assets will be available as means by which the State can recompensate itself through the sale of those assets.

Mr Speaker, the sweep team is doing a beautiful job; it's the experience that they build up in the administration and the manner in which they perform their functions and that will eventually be rolled over in the new ICAC organization when we get the Constitutional Amendments through. We can go through the Constitutional Amendment first and the Organic Law in the next sitting of Parliament.

Mr Speaker, on Constitutional Amendments, we will have to gazette it for 30 days before we bring it in for the first reading, so that shall be done tomorrow.

In terms of the work load, they have done a lot of work with the limited resources available to them. And we would like to see them more but again we do not have enough finance to support them to complete everything at once as everybody wanted in the country. But within those limits they have been able to do a lot of good work. And I do not have the precise figure to provide to this Floor of Parliament as required by the member's question. I can be able to get an update on the prescribed figures that are registered in the committal courts and that can be provided to the member after this sitting. One of those cases is the Wartoto case as we all know, and that is progressing smoothly.

In relation to the taxation procedures, that procedure exists and normally the costs are paid on the basis of firstly, as agreed or no agreement is reached then through taxation. For those people not familiar with taxation, it's a process where each lawyer is required to itemize all the work they have done and specify the time that it has taken to do the work, and also the charge out rate for that unit. And at the end you get the agreed figure which is called the bill. So that is the form that you prepare and then you take it to the taxation officer at the National Court. And the taxation officer with all the parties concern go through each item by item to see whether it can be justified and accepted or, unjustified and excluded. At the end what you come up with is the agreed amount and it's called the tax cost.

So you pay your bills in two ways; you pay the amount by agreement if you receive something. If you are happy with it you pay then that discharges your liability to cost. But if you think the cost is excessive, then you have the right under the Lawyers Act to require taxation, which I have just explained.

05/07

Mr Speaker, during my term as the Attorney-General in the last 11 months, I have hardly briefed any external law firms because there are so much outstanding legal costs that were incurred by the previous brief outs. What I have done rather is to concentrate on encouraging our internal lawyers within the Solicitor-General section of the Attorney-General's Department to undertake most of those cases themselves internally at no cost. However, where brief outs are necessary, I have encourage my colleague Minister where they really need external lawyers to undertake to pay the cost so that it has not cost to the Attorney-General's Department, but instead costs to the user departments.

Whether they have agreed to pay those costs, I have briefed out the law firms that they themselves nominate and then I give them the brief out letters that legitimises the brief outs by the individual departments through their Ministers and those lawyers can be able to do the work and the costs are taken care off by the departments because it is within their budget, they know they can afford them and that is why they have asked me to brief out.

So that is the approach we are taking in order to minimise the cost impact on my Department. Once in a while it will become necessary for me to brief out from within the Department to an external lawyer firm and I will do that based on my own deliberate adjustment as the responsible Minister. However, but I am trying to minimise this to a very few and rare occasions but I want the departments to come through me to engage the external lawyers and pay for themselves through their own budgets. I think that will be one good way of spreading the costs then reducing the impact on my colleague's former department.

So that is all I can say in relation to those series of questions.

Mr GARY JUFFA – Mr Speaker, I direct my series of questions to the Minister for Mining. My first question is in relation to seabed mining. On 24 October 2012, you have handed the petition signed by 24 000 Papua New Guineans who were concerned and opposed seabed mining activities to be undertaken in Papua New Guinea. You gave an undertaking to respond within two weeks and they are still waiting for that response so can the Minister please advise when he intends to respond to the 24 000 Papua New Guineans and many others who are waiting anxiously for this.

My second question is in relation to geothermal energy. Is the Minister aware that application for the grants of exploration licenses for the exploitation and development of Papua New Guinea's vast geothermal resource has been accepted and currently processed by the Registrar at the Mineral Resource Authority without the appropriate legislation in place? Is that Minister aware that these companies applying for mining tenements are actually non-mining specific companies?

The Minister is responsible for mining and that is mineral, and geothermal resource is not a mineral nor a hydrocarbon but it is a monocular activity that takes place underground changing the state of water from cold to hot. The geothermal energy in Papua New Guinea has huge potential but it is currently underdeveloped.

Can you tell this Parliament how landowners and PNG as a whole will benefit from the action taken by MRA in invoking the *Mining Act* which is an inappropriate legislation?

Can the Minister through the Chair admit that the action taken by MRA is insidious and highly dangerous and has all the attributes to deny landowners their constitutional rights as resource owners? We are already having problems in the mining industry where landowners are marginalised and do not benefit from their own resources.

Can you please explain why the MRA is in such a mad rush to grant licenses under covert circumstances when the fundamental law of national importance, the Geothermal Act is not in place yet, or has the Cabinet given special powers to MRA to expedite the issuance of exploration licenses? If so what grounds justified the Cabinet to make such a decision that impinges upon our people's constitutional rights; the ownership right of resource and land.

Mr Speaker, my province is very rich in geothermal resources and my question is, can you tell the people of Oro Province and all the people of geothermal active regions, this Parliament and the people of Papua New Guinea how you plan to support the geothermal industry as the action of MRA encroaches upon the landowner constitutional rights.

06/07

Geothermal will only provide renewable and clean energy solutions; protection against imported fuel and off-set climate change but it will also bring carbon credit revenue. The *Mining Act* does not cater for this very important subject of national interest.

My question is:

(1) When a geothermal law is enacted, how do you propose to address these issues once a license has already been issued under the *Mining Act*?

When a *Geothermal Act* is enacted we know it will be near to impossible to change the goal post so to speak.

(2) How can you allow one man to legalise the theft of a huge indigenous resource base using an inappropriate law?

Mr Speaker, this is daylight robbery of a resource that will benefit this nation infinitely as there is no end to water and heat from the magma. Geothermal energy is

a non exportable resource and it is for domestic use only and it has the capability of addressing many of our energy requirements.

Mr BYRON CHAN – I thank the Governor for his questions. Firstly, I ask if he can put the questions in writing so that I can answer them appropriately.

But for the benefit of this Parliament, in relation to the Seabed Mining, a petition was received by myself and the Department representatives in October.

However, the series of issues raised in the petition is so legalistic that it's taking some time for the Department to answer them appropriately. Some of the issues are not related to my ministry but environmental issues so I want the Minister for Environment and Conservation to answer them.

But I assure the Governor and those petitioners that it will be attended to and answered in writing on this Floor of Parliament.

In relation to geothermal exploration, our *Mining Act of 1992* is very shallow; it states that all minerals on land, sea and water belong to the State.

Mr Garry Juffa – Point of Order! Geothermal is energy and not a mineral.

Mr SPEAKER – Honourable Minister, it's a technical term here so you can go ahead and answer the questions.

Mr BYRON CHAN – It's classified as a mineral and I am the Minister responsible for it. Honourable Governor it may not be a mineral like you said but it has great potential. And for our mines to develop such as Frieda River, Yandera and Mount Kare and other existing mines as well, we need alternate power supply and we are very much looking at geothermal and it is our intention to engage companies to explore them. Right now we talk about it but we don't know whether those geothermal potential is viable. We must allow international mining companies to explore them because we don't have the capacity and manpower to do so. The Mining Department has seriously considered some of the experienced mining companies but has not issued them with licenses to explore as yet because of non-existence of the geothermal policy.

07/07

Exploration also covers geothermal exploration. We have initiatives and government policies, which we would like you to support. As for the rest of your questions I would like to appropriately reply in writing.

Supplementary Question

Mr KEN FAIRWEATHER – My district takes a totally opposite view to that of Rabaul, West New Britain and Oro Provinces. We want the geothermal and the people are not making any demands but they just want the power.

Therefore, can the Minister take that into account and hurry up and give us a license?

Mr BYRON CHAN – Thank you, Member for Sumkar, we are working hard with the New Zealand Government to finalise an appropriate legislation for Parliament.

Mr JOSEPH YOPYOPY – I was going to ask a supplementary question to the Minister for Education yesterday but I was not given the chance.

I would like to ask that question separately now to the Minister for education.

(1) Can the Minister tell us if the education system that we have in place currently is universal?

(2) If that is the case, then why are we having school aged children running around the streets like in Port Moresby and many parts of PNG?

Mr Speaker, it makes no sense to see children running around when the government is paying for schools fees as it not the burden for parents anymore.

(3) Can we pass a law in Parliament to punish the parent for allowing their children to run around in the streets?

Thank you, Mr Speaker.

Mr JAMES MARAPE – I thank the honourable member for asking his series of questions.

Mr Speaker, we are now looking seriously at coming up with a compulsory education policy. At the moment our laws do not specify for compulsory education

unlike some countries that have compulsory education laws. Whilst the National Government has helped alleviate schools issues amongst our population by paying for school fees, children are not yet sitting in classrooms.

A couple of issues that I stressed yesterday regarding the non-availability of spaces in our classrooms as enrolments have increased. The government has to put in enough seats in classrooms to house all our kids throughout the country. Nevertheless, we are trying to improve our school facilities to provide more spaces to cater for more children.

I would also like to assure this Parliament that the Education Department is working on a comprehensive cost of developing our infrastructures to absorb these increases that we foresaw for the coming year and the years to come. As the classroom spaces are created we will pass the compulsory education law so that parents who do not help with the course of sitting their kids in classrooms will be held accountable for.

I would like to appeal to parents nationwide that the government is now paying for your children's school fees. Therefore, we would like to ask parents to ensure that they support their children in making sure that they sit in their classrooms.

Yesterday, the Minister for Community Development presented her Paper on some of the fundamental issues in societies that are found wanting. Amongst these issues is the issue of child discipline in homes.

If parents do not maintain discipline of their children at home, do you then blame the government? The government is playing its part by paying for the school fees. The government today is working on a budget for the next 10 years to ensure that we build enough classrooms and teachers' houses. As the government expands on these issues, let me sound this warning out to parents in this country. We will also ensure that a law for compulsory education will come into place. Many Asian countries have this law in place so that parents do not allow their children to be out there in the streets while others are in their classrooms.

08/07

It's not fair for those parents who send their children to school and they contribute to law and order statistics because of no proper classrooms to receive an education. We also look at the curriculum so there is a wholistic approach. We can embrace all the children of Papua New Guinea into our system and we install

discipline, good ethics and wholesome teaching of our young men and women to be better citizens.

Mr Speaker, in conclusion, we do not have a law to make education compulsory but we are working on it. The Prime Minister has instructed me in a letter two weeks ago to draft the laws to ensure that education is compulsory. At the same time, the Government will provide more classrooms and build teachers houses to ensure that as they come into the classrooms they are able to sit and learn. I hope by the middle of the year, we can pass this law and make parents hold their kids accountable as they go to schools.

Mr BELDEN NAMAHA – Thank you, Mr Speaker. I would like to direct a question to the Prime Minister but before I ask my question, I would like to commend him for maintaining and restoring Parliamentary democracy, impartiality and independence of this honourable House in assuring Parliamentary supremacy.

Mr Speaker, I would like to take this time to thank the Prime Minister and commend him for putting up a fight against corruption as one of his government policy priorities. The Prime Minister's, decision to establish the Independent Commission Against Corruption (ICAC) and giving more teeth to the Police Fraud Squad and Task Force Sweep is also highly commended. The Opposition stands ready to support the Bill when it is introduced before Parliament.

We also welcome your recent decision in engaging the Australian Federal Police and Interpol to assist local authorities to investigate corruption and fraud at the Department of Finance and Treasury. We believe this is a move in the right direction to address fraud and corruption in our country.

Mr Speaker, at this juncture, I would like to just quote two profound statements that the Prime Minister in his response to my series of questions which I gave on Tuesday in relation to the K71.8 million paid to the Paul Paraka Lawyers. The Prime Minister stated and I quote, 'I have suspended the Finance Secretary'.

Mr SPEAKER – Opposition Leader, you have to ask your question please.

Mr Don Polye – Point of Order! Mr Speaker, this issue has been asked already and I'm hoping the Opposition Leader is not repeating the question and reinventing the wheel. The issues have now been referred to investigation and the

process of government has taken course. If the Opposition Leader has any issues then he can front up before the Investigation team, Sweep Team and the government agencies in charge of this issue and it can be dealt with henceforth.

Mr SPEAKER – Your Point of Order is in order. Opposition leader, you may proceed directly to your question rather than dragging on.

Mr BELDEN NAMAHAH – Mr Speaker, if they wish for that, then I will do so. I have a letter before me which is a directive from the Prime Minister, Honourable Peter O’Neill to the Minister for Treasury and Finance then, Honourable Don Polye with attention to Mr Steven Gibson, Acting Secretary for Finance.

(Members interjecting)

Mr BELDEN NAMAHAH – The letter reads, ‘Dear Sir, despite appropriate Ministerial and Political directives. It appears that Paul Paraka Lawyers outstanding legal fees have not been cleared fully. Whilst I understand that these were due to –

Mr James Marape – Point of Order! Mr Speaker, let me seek clearance from the Chair. As I said, the Government has already established an investigation team so the Opposition Leader is entitled to present this paper to that team to affirm the authenticity of such letters. Many letters are circulating around PNG.

09/07

Mr Belden Namah – Point of Order! Mr Speaker, Paul Paraka Lawyers cannot be paid until there is a directive from the Prime Minister.

Mr SPEAKER – Honourable Leader of the Opposition, let me make a ruling. This is a sensitive issue and it’s good for the Government of the day. You can go ahead and ask your question.

Mr Belden Namah – He may be one of those people involved –

(Members interjecting)

Mr William Powi – Point of Order! Mr Speaker, you should not allow the Opposition Leader to become the judge and the jury here.

Mr SPEAKER – Honourable Governor, the Leader of the Opposition is not making any judgment what so ever. He is simply asking a question. Minister for Environment and Conservation resume your seat. Leader of the Opposition ask your question. Minister for Environment and Conservation you are being disrespectful to the Chair. Resume your Seat.

Mr Belden Namah – Mr Speaker, remove him from the Floor of Parliament.

Mr SPEAKER – Leader of the Opposition get straight to your question. Don't drag on.

Mr BELDEN NAMAHA – Mr Speaker, the letter is a directive from the Prime Minister Right Honourable, Peter O'Neill to the Minister for Treasury Honourable, Don Polye, dated 24 January, 2012.

Mr Speaker, the letter reads, despite appropriate Ministerial and political directives it appears that –

(Members interjecting)

Mr BELDEN NAMAHA – Let me read the letter so you can understand the background to the question.

(Members interjecting)

Mr SPEAKER – Leader of the Opposition you can now table the letter.

Mr BELDEN NAMAHA – Mr Speaker, I seek leave of the Chair to table the letter.

Mr SPEAKER – Go ahead leave granted.

Mr Patrick Pruaitch – Point of Order! Mr Speaker, if there is a decorum, the Clerk should not go and pick up the letter.

Mr SPEAKER – Your point of order is in order. Minister for Environment and Conservation I must warn you that you are disrespecting the Chair's authority. What's your point of order?

Mr John Pundari – Point of Order! Mr Speaker, when there is a voice on the negative when a leave is sought on the Floor of Parliament a vote is then taken. It is not an automatic granting of leave. Mr Speaker, I must warn you, anything and everything can be tabled here on Parliament that could tarnish the good name and the reputation of leaders of Parliament as well as other leaders who cannot represent themselves on the Floor of this Parliament.

Mr SPEAKER – Your Point of Order is out of order and you are misleading Parliament. I order you to resume your Seat.

Mr John Pundari – Point of Order! Mr Speaker, there was a dissenting voice on the Floor of Parliament

Mr Belden Namah – Point of Order! Mr Speaker, I did not sought leave of the Parliament I sought the Leave of the Chair. Mr Speaker, the Minister is a former Speaker and he should understand his *Standing Orders*.

Mr SPEAKER – Honourable Leader of the Opposition resume asking your question.

Mr BELDEN NAMAHAH – Mr Speaker, the Prime Minister in his statement has suspended the Finance Secretary and he will go down even to sack the cleaner.

Mr Speaker, if the letter that I have tabled in Parliament today is authenticated, will the Prime Minister do the most honourable thing which is morally and ethically proper for any Prime Minister and that is to step aside.

Mr PETER O'NEILL – Mr Speaker, I thank the honourable Leader of the Opposition for his very good question. In fact I am very happy that he asked this question and I urge the Members of Parliament to allow him to get his excitement out in the air.

(Members interjecting)

Mr PETER O'NEILL – Mr Speaker, I have to verify that letter to find out whether it actually came from my office.

Mr Speaker, let me say that there are many letters that go through my office. Many claims and bills against the Government go through my Office asking Ministers to direct or for assistance to the Treasurer to pay their claims.

Mr Paul Paraka is a citizen and he has got every right to my office and any other office -

10/07

The question is whether those payments were done legally or not and whether the Attorney General's office gave the clearance to do the work that he says he has done. I have no authority to give directions to Mr Paraka or any body to do the work. Mr Paraka has been engaged by the Government in 2002 and 2003 but not in 2012.

And for the record, I have just extended the entire legal fraternity to come under scrutiny and that includes payments that went to some of their favorite lawyers, so the truth will come out and I will be answerable to the truth. I am not afraid of the truth.

(Mr Belden Namah interjecting!)

Mr PETER O'NEILL – I have no authority to go and write up a cheques at the Finance Department or the Attorney-General's Office. If you see any letter that I have written to any Departmental head, it says you must follow the process. If the said letter is true, it will fend for itself so and I know the Opposition Leader has strong desires to be Prime Minister one day.

There is nothing wrong with that, it is a good ambition to have but trying to ask me to resign or to step down will be a bit too hard to swallow and he has to wait a bit longer.

Mr Speaker, one thing about this job is that you have to have patience and the Opposition Leader does not have patience. He is too eager, by ego and pride to try and become Prime Minister one day, but he has to wait.

(Mr Belden Namah interjecting!)

Mr PETER O'NEILL – And I suggest he matures up to be a good leader by tabling these things and use the right process. He should lodge this letter to the Fraud Squad, the Australian Federal Police and the Task Force Sweep as no one is stopping you.

Whether I gave the authority to write the cheques with specific amount and on which invoice, I don't believe they exist. The truth will come out and because of this kind of blackmail going around, I get text messages that are trying to blackmail the office of the Prime Minister, but I am not afraid to stand up to it.

As I have said, the Fraud Squad is taking care of this matter and I want them to do the job independently, it does not matter who is involved. Those who are found to be responsible will be held accountable for their actions. The Opposition Leader is not above reproach or above the law.

He goes about trying to pretend that he is 'Mr Clean', but we all know and if we do not play gutter politics, the truth will come out. As I said, I am a very patient man. Don't you wonder, I will do you in slowly.

**AUDITOR-GENERAL OF PAPUA NEW GUINEA –
REPORT OF THE AUDITOR-GENERAL, PART 11, 2010 –
MOTION TO TAKE NOTE OF PAPER**

Mr SPEAKER – Honourable members, pursuant to statute, I present the Report of the Auditor-General on the National Departments and agencies on the controls and transactions with or concerning the public monies and properties of Papua New Guinea Part 11, 2010.

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

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

**STATE OF THE ECONOMY – FUTURE ECONOMIC CHALLENGES AND
IMPROVED BUDGET TRANSPARENCY – MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF THE PAPER**

Mr DON POLYE (Kandep – Minister for Treasury) – Honourable Members of Parliament, amidst all the hot air, the O’Neill-Dion Government is a government committed to honest, open and accountable government.

11/07

Mr Speaker, it is the Government that sees transparency as an essential component of good governance. As Treasurer together with my colleagues, the Minister for National Planning and Monitoring and Minister for Finance, I must manage our revenue and expenditure on behalf of the people of Papua New Guinea.

To the people of this great nation, I want to say that, you are the bosses and we leaders must listen and follow at the national level and other sectors of leadership. And it is entirely appropriate that we report to you about our management of your money in a clear and transparent way.

My report to the Parliament today will show that we are broadly on track with last years budget, but it also gives the Government some clear messages as we begin the careful work of preparing the budget later this year.

Mr Speaker and honourable Members of Parliament, I present to you an update on our country’s economy. This will include new estimates for the economic outcomes for 2012, including the final budget outcome as well as estimates for 2013. Based on this updates, I will also provide an analyses of key areas in our economy over the last 10 years.

As I mentioned new policy directions are required and it will be considered as we prepare the 2014 Budget and its multi year forward estimates. This statement will

also outline the O'Neill-Dion Government drive towards increase accountability and transparency in our budget arrangement.

Now I move on to the economic updates for 2012 and 2013. Firstly, I want to update the Parliament on key economic developments in the year 2012 and some preliminary updates on how the Papua New Guinea economy is striking in 2013. Of course this updates are based on just the first three months of 2013, and a more substantive updates will be made as part of the mid year economic and fiscal outlook update presented at the end of July 2013.

Mr Speaker, it is important to keep in touch with international developments because of the impact on the Papua New Guinea economy. It is for this reason that I attended the IMF and World Bank Spring Meeting from 21 to 22 April and Asian Development Bank Summer Meetings from 2 to 5 May 2013. At both meetings there was an air of cautious optimism especially for emerging market economist, global financial stability is improving and United State economy recovery appears to be under way. However, global growth focus for 2013, have been revised downwards from 3.5 per cent to 3.3 per cent. This is just higher than the 3.2 per cent global growth in the past years (2012).

Further more, Mr Speaker, there is now a three speed global recovery; firstly, with the strong growth in the emerging market economist, moderate growth in the US and poor growth in Euro Zone. There remains considerably economic risks especially from the Euro Zone; emerging countries when building the fiscal space for lower budget deficit in case the global economy face another crises, China's growth is still expected to be maintained around 8 per cent a year but it is lower than the double digit growth for much of the last decay and its impacting on commodities prices including gold and copper which are vital source of revenue for Papua New Guinea.

Mr Speaker, based on the latest figures available it now appears that economic growth in 2012 was 7.9 per cent down from 9.2 per cent estimated at the time of 2013, Budget.

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However, at the same time, the estimate for economic growth into 2013 has been increased from 4 per cent to 5.9 per cent and I am positive that by the end of this year, it might reach 7 per cent growth mark. The recent statistics provided late in 2012

shows that PNG LNG Project will not show in 2013 as had been expected at the time of referring the 2013 Budget.

Mr Speaker onto inflation, there have also been preliminary revisions to the inflation forecast. The inflation outcome in 2012 was better than expected with an outcome estimate at only 2.2 per cent and in annual terms of 1.6 per cent in two of the year terms. This very low figure reflects the impacts of the strong appreciation of the kina which appears to have had a significant lag in feeding through prices. I am pleased that I have been encouraging businesses to ensure that the kina appreciation is passed onto consumers through low prices that this is finally starting to occur. This low 2012 inflation outcomes also reflects the Government's tuition fee free education policy which lowered the education cost for most households across the country.

Mr Speaker, at this stage, given the lag in the price effects of the kina appreciation, the inflation estimates for 2013 has been revised downward from eight per cent to six per cent which is close to the Bank of PNG estimate of 5.5 per cent for this year.

Mr Speaker, in response to the low inflation outcomes and to support economic activity alongside the Government's expensory fiscal policy, the Bank of Papua New Guinea further eased its monetary policy stands in March this year but lowering the kina facilitatory rate down to 6.25 per cent. The decision aims to encourage private sector lending primarily in the non-mineral sectors, and on that perspective, the Government through the Treasury and the Bank of PNG are always in constant dialogue.

Mr Speaker, the overall balance of payments is projected to be in deficit by K684 million in 2013 reflecting high imports and net service income payments. But at the end of the year, the gross foreign exchange reserves are projected to be around K8222.2 million, a K3.7 billion which is sufficient for 9.4 months of total and 17.4 months of non-mineral import covers. It is quite historical and unprecedented.

Broad money supply is expected to increase by 12.8 per cent in 2013 driven mainly by net domestic assets of the banking system reflecting increase in net credit to the government and private sector credit. Fiscal updates for 2012 – 2013.

Mr Speaker, we have released a very important document on the 31 March, 2012 Final Budget Outcome known as the FBO. This is a key document for transparency and accountability. The FBO sets out the final fiscal outcome and provides details of revenue and grants, expenditure and net lending and financing

requirements of the government. The FBO is released in accordance with the *Papua New Guinea Fiscal Responsibilities Act 2006* which requires the release of the FBO by 31 March each year.

Mr Speaker, FBO is very a important information as it provides transparency and accountability to the public for the expenditure of that taxes of the money. The people can see from the FBO exactly how much money was collected in taxes and how much was spent as well as what is was spent on in 2012. It also show why government had to borrow more money to finance it's expenditures. The 2012 and below recorded a deficit of K339.4 million which is equivalent to 1.0 per cent of the Gross Domestic Product in PNG. This is higher than the projected balance budget of 2012 at that time of the 2012 Budget. The overall budget deficit is due to lowered and forecasted total revenue and grants as a result of lower tax revenue receipts primarily from mining and petroleum taxes which were down by K891 million from 2012 budget estimates. Well, this deficit of 1.0 per cent was no longer a concern but it did emphasise the need to ensure that spending remain at responsible levels.

Mr Speaker, totaled up expenditure in 2012 was K10 044 million. This was K665.7 million or 7.1 per cent higher than the 2011 outcomes.

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However this figure was K516.3 million which is about 4.9 percent lower than the original Budget estimates.

Mr Speaker, this largely reflects a K590.3 million under-spending in the Development Budget, with most of this linked to the slow draw down of concessional loans, especially from the Asian Development Bank.

Mr Speaker, public debt stood at K8 478.5 billion at the end of 2012, an increase of K997.2 million over the 2011 levels. This change was driven by borrowings to help fund the PNG LNG equity and other funding for liquidity and cash management purposes. This increase would have been inconsiderably larger if it had not been for the foreign exchange rate gains from the kina appreciation.

The Government strongest fiscal policy stance as per the *Fiscal Responsibility Act* has played a strategic role keeping deficit drawn from what could have been worse under difficult circumstances. As the Government considers the budgetary needs in the future years, it must ensure that debt levels remain at sustainable levels in line with the Medium Term Fiscal Strategy. Creating Fiscal Space, enabling Fiscal

Consolidation and targeting expenditure on growth sectors will be the focus of the O'Neill-Dion Government in years to come.

Mr Speaker, the 2012 FBO Report is available on the Treasury website at www.treasury.gov.pg.

Mr Speaker, based on the first three months of the year, our 2013 Budget is broadly looking to be on track. Revenue collections to date show broadly offsetting influences some taxes such as the GST, Personal Tax and Company Tax being higher than predicted Mining and Petroleum taxes and Dividend With-Holding Taxes and a range of international taxes being lower than expected. The decline in commodity prices in the first quarter would be expected to reduce 2013 revenues by some K275 million. However, the stronger growth focus will have a positive impact on other forms of tax collection, and currently this is expected to raise taxes by almost exactly the same amount.

Mr Speaker, I believe that any variations will be minimal, hence manageable. I am confident that the O'Neill-Dion Government will soon execute the asset sales strategy not only to raise revenue but also to dispose of liabilities to the State.

Economic Analysis of the last 10 years

Mr Speaker, it is timely to reflect on how the PNG economy has evolved over the last 10 years. Such analysis is vital for forming views on how to improve the quality of life for our people over the period of the 2014 Budget and its forward estimates through 2018.

I will depart for an important meeting concerning our mineral and petroleum sector. This will be a meeting on Extractive Industries Transparency Initiative. This is an important initiative. The resource sector covering minerals, petroleum and gas is a key part of our economy and providing revenues for meeting our priority development needs.

However, in this statement, I want to highlight how we must think beyond the riches that are provided below our soil in or gold, copper, gas and petroleum riches. We are blessed by having these riches. But we are even more blessed by the wealth embedded in our people, our tradition and in our heritage.

Mr Speaker, let me explain why I make this comment based on some economic analysis of our economy over the last 10 years from 2002 – 2012. This

analysis is based on the economic figures we have available on the Papua New Guinea economy.

On the basis of the current data available, the Papua New Guinea economy has grown by 170 percent over the last 10 years or by some 74 percent in real terms after allowing for price changes. These overall growth rates are reference points for seeing how different parts of our economy have moved over the last decade.

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Many people would think that the growth in the resource sector has played a major role in our significant economic growth. While the mining and quarrying sector has grown strongly with normal growth of 106 per cent over the last 10 years it is still lower than the overall growth of the economy.

Indeed after considering movements in the commodity prices the actual output of the sector has fallen by 5 per cent over the last 10 years, I repeat, after allowing for price changes real actual output for the mining and quarrying sector of the economy has actually declined over the last 10 years.

Mr Speaker, the oil and gas extracting sector is even more interesting. In normal terms this sector has grown by only 19 per cent. After allowing for price changes and the impact of inflation this sector has actually decreased by 50 per cent in the real term since 2002. This reflects maturing of our oil fields.

Mr Speaker, of course when the PNG LNG Project comes on stream this will lift the size of this sector considerably, but by 2017, the total size of the minerals, quarrying, oil and gas sectors will still only represent 27 per cent of the total economy.

Therefore, the question is where the growth of 74 per cent after allowing for inflation occurred in the economy. I would be very proud today if most of this growth occurred in the agriculture, forestry and fishing parts of the economy. This is the source of livelihood of a vast majority of our people but that is not where the growth had been prioritized.

However, the growth rate in this sector has actually been somewhat disappointing. Indeed the overall growth has been only 37 per cent in real terms, which is less than half of the overall rate of the economy. This is itself a major challenge and I will return to this issue later in the statement.

So where is the strong growth of our economy come from if it is not in the minerals, petroleum, gas sectors or in the agriculture sector? The largest growth rate of a staggering 367 per cent in real terms is in the transport, storage and communication sectors. A major driver for this growth has been the revolution in digital phone technology, which has seen a dramatic growth in the use of mobile phones. This growth was possible because of micro-economic reform decisions made by governments. In particular, the opening up of the communication sector to increase competition; including allowing Digicel into this country has been vital for this growth. The Open Sky Policy of our aviation industry including competitors like Virgin Blue into country has also contributed to the growth.

Mr Speaker, this is an important lesson. Sometimes the best thing that a government can do is to lift growth to ensure that we create an environment that allows the private sector to thrive including our small and medium size enterprises.

Mr Speaker, this is about a competition policy. It is about lowering the red tape faced by businesses. It is about focusing on the critical issue of lowering business costs and it is about creating an economy of scale. This kind of growth is not about some numbers in a ministerial statement. It is presented by mobile phones that we each have in our pockets. It is represented by our ability to contact our family and colleagues, even in some of the remotest parts of PNG. It is represented by the availability of more than one source of supply in the aviation or transportation industries. It is represented by the speed of doing business and making contacts, but most importantly, it is represented by the opportunities provided for expanding social and financial inclusion, which I will elaborate more on later.

Mr Speaker, the second largest growth rate of 273 per cent in real terms over the last 10 years is in the construction sector of Papua New Guinea, the building industry. In part, this reflects the impact of the PNG LNG Project. However, treasury figures indicate that the growth in this area has exceeded much more broadly. This is evident in the number of construction cranes that we continue to see around Port Moresby and other parts of the economy touched by the breath of this growth. Some of this growth is related to substantial increase in infrastructure spending made by the O'Neill-Dion Government.

However, the majority of the construction sector's activities are driven by the private sector and this is based on the broader opportunities being presented by the PNG economy to local and foreign investors.

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We must make sure we keep Papua New Guinea an attractive place for investors in the private sector to develop.

The next largest growth area wholesale and retail trade which has grown by 144 percent in real terms. This is reflected in areas such as the large new shopping complex like Vision City and the Harbour side developments in Port Moresby.

Our finance, real estate and business savings sector has grown by 109 percent in real terms over this period. In part this reflects the recovery from the economic problems we faced at the turn of the millennium.

Mr Speaker, this also reflects the success of the increase in private sectors participation in the Bank of South Pacific and its impressive growth throughout the country over the last decade. The growing micro banks launched by the Prime Minister recently and Supafunds, loans and savings society has also contributed to the statistics.

Mr Speaker, the manufacturing sector in PNG is estimated to have grown by 96 percent over the last ten years. This is nearly a doubling in size of this important sector.

Areas that have not done so well are electricity, gas and water sectors. The growth rate of 73 percent has not kept pace with the broader economy and this is reflected in increasing blackouts and problems with water supply.

Mr Speaker, most worrying is the very slow growth rate in community, social and personal services and I commend the Minister for Community Development for giving her statement the other day. To become a modern economy we would expect the overall social service sector to be a lead growth area. We need to do more to examine the cost of this slow growth in this very important area. This slow growth area also reflects the lack of strong growth in education and health sector and its declining levels of service delivery for our people especially in rural areas. As a government, can we are firmly focused on driving better outcomes in education and health and we are determined to continue to making genuine improvements in this field that the O'Neill-Dion government has already commence to make. As such I am hoping for an improvement in Papua New Guinea's overall social services sector performance facilitated by the interventions such as the District Services Improvement program, Provincial Service Improvement Program, the Local Level Government Services Improvement program, the Free Education program and

increase investment in the health sector that the government has intervened .PNG relies on all of us as Members to do our part in complimenting the O'Neill-Dion government direct intervention in that social sector which has been trailing behind the other sectors .

The Policy Implications of this Economic Trend.

Mr Speaker, there are some important lessons on this trends over the last decade. There is not enough time to draw out all of this but I will only highlight four briefly.

Firstly, we must be more effective in our policy to help grow the agriculture sector .It is this sector that provides the livelihood for the vast majority of our people, however it has grown at a rate half that of the remainder of the economy. Indeed the share of agriculture, forestry and fishing has declined from 36 percent of our economy in 2002 to 28 percent of the economy in 2012 and it is currently expected to fall to 23 percent by 2017.

What can we do to lift the growth rate in this crucial sector? Current policy approaches are not working. Accordingly. I think we need to be creative in this sector and consider new approaches, for example we could consider building on the public/private partnership in the transport and public utility sector to the agriculture sector as well. We need to consider, if we can sensibly encourage the private sector in some key major projects with appropriate incentives based around sharing the risk and benefits.

In considering, such arrangements such as the need to strike the right balance between an appropriate role for the government and the private sector, including implications for how we best spend our cash budget funds and promote competition. These may include options such as having the local people acquire publicly funded equity stake in high impact projects primarily funded and managed by the private sector. Such an approach is much more efficient and transparent than alternatives such as creating monopolies for some privilege part of the private sector by providing often some hidden poorly targeted tax concessions and holidays or by boosting import tariffs.

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Mr Speaker, such an approach could also have value for building our tourism sector. Both the tourism and agricultural sectors have been affected by the high value

of the kina, and in the 2014 Budget, we need to think wisely on how we can encourage high rates of growths in these two very important key areas.

Mr Speaker, in this, the Asian Century, there is enormous potential for Papua New Guinea to become a major supplier of food and other agricultural produce to the rapidly growing countries in the region.

We have a beautiful country and tourism allows others to experience the wonderful things that PNG has to offer.

We need to think of sensible new approaches that can help drive growth in these areas and incorporate these types of new thinking as a priority policy in the 2014 Budget. Such approaches also will require a broader framework such as continued focus on lowering overall business cost and speedy consideration by this Parliament of supporting legislation on private-public partnerships.

Mr Speaker, the second area I wish to highlight is the need to do something about God within the community, social and personal services also as part of the economy. In particular we need to continue to build on the excellent policy to provide tuition fee free education with a greater focus on quality education. We need to ensure that the graduates of our universities and technical colleges can reach their full potential through having education meets international standards.

Mr Speaker, by the end of this year, the O'Neill-Dion Government will have ensured all universities and institutions at tertiary level in PNG are accredited at international standards. Unitech must have all engineering schools accredited.

The upgrade of all schools and universities will pave the way for lower levels of education to lift their standards to international standards. We need to ensure that this education encourages an adaptive mindset so that our young can better adapt to a changing world.

The only certainty is that there will be continuing change in the world economy. We need to develop that adaptive mindset for Papua New Guineans and Papua New Guinea must develop their young so that they can adapt to these challenges.

The reality today is that our children, with the aid of innovative application of new technology know even much more than professors at universities. That's how fast it is changing.

In other words the curriculum or syllabus taught today is in most instances irrelevant to new job markets today, hence the requirement for urgent reviews.

Mr Speaker, the third area I wish to highlight is the need to continue development of the financial sector.

It is important as this area has grown by 109 per cent over the last decade. However, there may be scope for taking this further such as through fostering the creation of pools of domestic funds to stimulate investments by the private sector, especially our small and medium sized enterprises.

In this context, I will be pursuing a comprehensive review of Papua New Guinea's financial sector to ensure that it is best meeting the needs of inclusive and sustainable growth in PNG.

Under the O'Neill-Dion Government's leadership we will address the interest rates of banks, micro banks and other financial systems. These facilities are important to the growth of businesses but are out of reach of too many small to medium entrepreneurs. Finance should be easily accessible by these people at lower, affordable rates.

The need for building a strong financial capital market in PNG is also very paramount. Hence the government is addressing it as a priority for creating an environment conducive for funds buildup.

Mr Speaker, there is no point in having a financial system that is heavily polarized for the benefit of only a few in the country. The O'Neill-Dion Government is targeting to establish an inclusive money system in Papua New Guinea where financial services are easily accessible by every ordinary Papua New Guineans available close to your doorsteps through application of technology and through the provision of services.

As the Prime Minister Honourable Peter O'Neill has clearly stated, we must develop a savings culture for Papua New Guinea. Papua New Guineans must learn to save. I take it as a prudent message for our people and I am taking the lead to ensure that our Prime Minister's message bears fruit.

Mr Speaker, what I wish to highlight is the social and financial inclusion as part of this policy.

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This is linked to better quality education and a better financial sector, in addition the extraordinary technological evolution occurring through mobile phones

and other parts of the communication sector must be harnessed in ways that lead social and financial inclusion.

The key elements of these will occur naturally to ensure that the sector remains competitive and innovative in ways that business can come to the fore without excessive government regulation.

There are also important roles for the government in areas such as supporting education and training in these technologies on how they can be used in education, health and other sectors. I believe that Papua New Guinea is leading the way in establishing the world's best practices and policies to promote financial inclusive.

As part of the 2014 Budget, it will be important to explore on how we can build on this policy platform in to more practical support activities. The fourth areas that I wish to highlight that needs strengthening is the deteriorating law and order sector.

The government is concerned about the law and an order issue faced by our citizens and is taking the necessary steps to address the issues and to ensure safer communities to improve tourism and business confidence so that we can build our economy. The government has already provided increased resources for police, defense and the other law enforcing agencies. The government has announced a special funding on K275.7 million inclusive of 200 new recruits over a five year period into the police operations.

K3 million was budgeted in 2013 for the police modernisation program which involves the redevelopment of the police college and the recruitment of 200 new recruits. A funding of K10 million was for all DSIP with K5 million each going to the office of rural development and audit office respectively.

Another K100 million over five years as allocated for the National Anti Corruption Task Force with K20 million appropriation in this years budget. The government is also allocating K100 million for over five years for the PNG Defense Force build up program, with K30 million budgeted for this year.

Mr Speaker, what I am trying to say is that the government is providing sufficient funding to law making and enforcing agencies to better address law and order issues in the respective roles that they are playing.

However, it is not only about funding, we continue to see problems popping up, it is also important for us to incorporate greater corporation and coordination between the law and justice sectors. Through these actions we should ultimately see

great respect for our laws with knowledge that those who break the laws will be charged and convicted by the courts.

The Parliament reflects the polices as stated by the Minister for Internal Security, and the Minister for Police is a strategic one and I commend him for the innovative lead that he is taking. I am treating the law and order and justice issues more an economic matter that is having an over-arching detrimental effect on the economy killing businesses and impeding human resource development and derailing progress in the economy.

The current situation in this sector is not utterly conducive to facilitating economic growth. The deteriorating trend of law observant, compliance and law enforcement and policing continues to undermine growth and expansion of the economy and must be arrested without delay.

Mr Speaker, in this context, I would be remise if I did not congratulate the Prime Minister Mr Peter O'Neill and the Premier of Queensland Honorable Campbell Newman on their momentous decisions regarding policing and health care decisions that offer real opportunities for all Papua New Guineans.

The agreement that both leaders reached is a much fair one based on police and public servants seconding program as against the former ECP strategy. In the final part of the statement I want to inform Parliament on two key developments in the way we account for how we are acting as custodians of our people of the funds that flow through the budget.

The first is improving transparency of funding being released and the second is an historic step towards a ministerial driven multi integrated budget process. This development shows how the government is working to improve transparency. Public accountability for how we raise taxes and spend these tax payer funds is vital for our democratic system. For the government to be accountable to the people of this country it must provide relevant information on how it is going and it must also be clearly driving the key budget decisions in a way that foster greater development across the country, particularly through its continuous efforts to transform the rural economy, there have been some historic developments in these key areas in recent times.

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Mr Speaker, I was proud on Monday morning to pick up the Post-Courier and found that it contained a very important handout. This very detailed handout provides

detail information on the level of funding that has been released up to 31 of March 2013, and the level of expenditure as at 31 of March 2013, this handout was also included in the last weeks National Newspaper.

Mr Speaker, the insert into our major daily papers will be done each quarter and the Government has directed the Treasury Department to ensure that it happens on quarterly basis. It has also directed the department to release on a web site monthly report setting out all of these in detail.

Mr Speaker, the publication has 30 Section to it and the first one is an overall summary by agency type under the Recurrent and Development Budget. The second Section of the report shows details of Personnel Emoluments and Goods and Service by Agency under the Recurrent and Development Budget. The third Section shows funds release by major Government priority programs. This publication should give you, the people of PNG a picture of how funds are being used and if there are any tangible changes and developments happening around you. In this document everyone in PNG can now see how much funding has been released for different agencies and for what purposes. This type of information has not been readily available before and that led to a lot of confusion.

Some people were claiming no action was taken on a project because the Treasury or Finance Department has not release the warrants or the money. With this information now on our papers and in our web site people can see if the warrant has been released or not. If there is a delay in a project or activity then the public will know that the problem is with the release of warrants or funds. If not ask the implementing agency why it's being delayed. We want the people to do the check on all the departments including the Ministers and Members of Parliament.

Mr Speaker, the increase transparency of this process helps with accountability. The report also indicates the expenditure that has been made to date. Currently there may be some underreporting in the expenditure to date due to some technical and capacity issues around the new integrated financial management system. However, it still represents a major step forward and one that the O'Neill-Dion Government is proud of and would like to be transparent as much as possible.

Mr Speaker, for too long there has not been enough guidance throughout the budget process, in each year it takes many months of preparation. Indeed the preparation for our 2014 budget have already commence some six months before it was finally presented. These six months has spent by various government departments

preparing their budget submissions and considered by various budget screening communities before being considered by Parliament. As I announce in the 2013 budget the Government is committed to major reforms in the way we do the budget to improve our accountability and effectiveness. This includes the recurrent and integrated budget from the 2014 budget extending the multi year budget approach and having a more ministerial driven budget process. These types of changes are fundamental because it means a better opportunity to ensure that our government expenditure is directed in the best way to contribute to strong inclusive and sustainable growth of our people through the members of Parliament.

Mr Speaker, I happy that we are making good progress in this major budget reform. The other concern ministers and I will work closely to help coordinate this ministerial oversight. I urge that we meet frequently over the next six months to provide this oversight. I expect there will be range of initiatives; we will be proposing the budget submission for each agency is actually signed off by the responsible minister and not by the departmental head as it's the case now. We want agency budget bits to be guided by the elected minister and not the head of the agency.

I thank both ministers for giving me their concern and full support. We will descend the budget based on an integrated sector to sector approach rather than project to project approach. The development partners will need to tailor their participation on an integrated development program approach rather individual projects. We will also consider the detail time table for the 2014 budget and this will be release shortly. For future meetings of this informal gathering of budget ministers will consider the implication of economic developments in particular the decline in the price of our resources for our medium term debt strategy.

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Mr Speaker, in conclusion, let me conclude with a few comments on the challenges and opportunities we face as we prepare for the 2014 Budget. This will be a critical budget for our Government and our people. The Budget will be designed to continue to deliver on the Alotau Priorities. It will continue to grow our future by empowering our people for inclusive and sustainable growth.

Mr Speaker, as we prepare the 2014 Budget, Papua New Guinea will be facing some significant economic challenges too. The drop in mineral prices will continue to have major impacts on our budget prospects. As highlighted in the FBO, this decline

in prices is a major factor in the loss of mineral revenue of nearly K900 million in 2012. These low prices are expected to continue to 2013 and 2014. Indeed, recent prices are below our 2013 forecast and this will squeeze our revenues. We need to do more in our ability to collect taxes and this is one of the major reasons why I have initiated a major review of our tax and financial systems.

We also need to stop the areas over expenditures such as provincial personal emoluments and under expenditure in areas such as issuing of concession funds made available for us from our multilateral partners such as the ASEAN Development Bank and the World Bank.

Mr Speaker, we will approach this Budget in a way that increases Ministerial guidance on how to get the best development outcomes in a way that remains fiscally responsible and promotes growth in the private sector.

Mr Speaker, this will include chartered consideration of the four areas highlighted above fostering agriculture, tourism and encouraging quality education, adaptive mindset, enhancing the financial sector and building on social and financial intrusion. Additional significant attention needs to be given to the deteriorating law and order and justice in Papua New Guinea as an urgent matter for us to facilitate our economic growth. We will also work to ensure that we continue to lift the level of transparency in our budget and as by doing so, we wish to increase accountability to our people for the government's performance.

Mr Speaker, Members of Parliament and the people of Papua New Guinea, I am proud to bring this economic update to you all. It is an update that shows that we are largely on track. It is an update that holds sensible lessons for government. Importantly, this is an update that demonstrates the commitment and determination of the O'Neill-Dion Government to continue to deliver will result through our nation. I am proud to be part of a Government that puts the people first; a Government that opens doors and windows of our financial arrangement to let the sun shine in so that you all can see what we are doing for you. Thank you, this is your update.

Mr SPEAKER – Honourable Members, I will suspend Parliament for lunch and resume at 2 p.m. and we will resume debate on the Minister's statement. But before we suspend for lunch, there are two events that are taking place at the State Function Room during lunch. One is the Indian High Commission will be presenting some reference books on leadership to the Parliament and secondly, the Minister for

Housing will be hosting a presentation by the National Housing Corporation on the housing scheme so I invite all of you to be there to witness those two special events.

Sitting suspended from 12 noon to 2 p.m..

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

**MINISTRY OF SPORTS, PACIFIC GAMES AND NATIONAL EVENTS –
STATUS AND PROGRESS OF PREPARATIONS ON 2015 PACIFIC
GAMES – MINISTERIAL STATEMENT – PAPER NOTED**

Mr JUSTIN TKACHENKO (Moresby South & Minister for Sports) – I would like to present to you, Mr Speaker, the progress and preparation of the 2015 South Pacific Games that comes under my Ministry of Sports, the Pacific Games and National Events.

Mr Speaker, thank you for giving me the opportunity to make this statement on the preparation for the 2015, South Pacific Games. Before I do that, let me thank the Prime Minister Peter O’Neill for having the confidence in me by appointing me as the Minister for Sports, Pacific Games and National Events, to especially deliver the 2015 Pacific Games and it is a huge task but we will all work together to make it happen.

In 2009 during the Mini South Pacific Games held in Rarotonga, Cook Islands, Papua New Guinea won the bid to host the 2015 Games against a strong bid from Tonga. For three years we did nothing in preparation for these Games and we are on the verge of having the host organising contract revoked by the Pacific Games Council.

Only this year we put in place systems and processes to enable us to move forward and that is because of the commitment by this Government to make this happen. This commitment has given the preparation team confidence to deliver one of the biggest and best sporting event in the Pacific to have ever being experienced. Today we have only 750 days to go to deliver and time is not on our side but we will ensure and move forward for the benefit of the sports and the games.

Mr Speaker, all government stakeholders have been informed by our Prime Minister declaring through a circular delivered on January 29, 2013 that these games are of national importance, therefore in all aspects of our preparation we must not allow incompetency or any self-serving individuals to compromise the wishes of our Prime Minister and the Government in making sure that these games is a success without fear or favour.

Mr Speaker, in 2015, these games will showcase our country to over 6 000 visitors from 22 Pacific nations in 28 sports and discipline. Under the *2015 Games Authority Act*, three main entities were established to deliver the games. The Venues, Infrastructure and Equipment Committee is responsible for the construction of new sporting venues and rehabilitation of old sporting venues and facilities. This committee also responsible for building a new Games Village and provide necessary sporting equipment for all sporting events.

Mr Speaker, the second entity is the Games Organising Committee (GOC) is responsible for the games' security, supports services, ceremonies, cultural events, revenue, marketing, communication, technology systems, commercial services, human resources and client services.

The third entity is the Grassroots Two Gold Program (G2G), responsible for talent identification of athletes to participate in the games and the talent development of those athletes to ensure success at the games.

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This component comes under the umbrella of the sporting arm of the Government, which is the PNG Sports Foundation.

Mr Speaker, let me provide you with some details. The 2015 Games Authority through the Venues, Infrastructure and Equipment Committee is committed to four major projects. They are the Games Village, University of Papua New Guinea, Taurama Aquatic Center and Indoor Complex, the Sir John Guise Indoor and Outdoor Stadium, apart from that it also includes the Rita Flynn Courts, and the Bisini Parade and associated sporting grounds.

The Games Village construction will consist of 1 100 rooms to cater for approximately 5 000 participants and a 1 100 seat dining hall. The building design will reflect the culture of Papua New Guinea and our people. A project of this size will take approximately 8 months to design with all necessary approvals with the

construction period of 30 months. However, we have been pushing to have the project completed in a 23 months schedule.

Site clearance works are in progress with Curtain Brothers recommended as the supplier and contractor. They are currently on site at the moment with phase 2 of the pre-cast concrete supply that was also awarded to Curtain brothers with main building works to be awarded for site commencement by June 7.

Mr Speaker, the piling works that the Prime Minister launched a couple of months ago is progressing well, and because we were 8 weeks behind schedule regarding the Games Village, instead of putting 15 pilings a day, that is putting big concrete and steel rods in the ground for foundation, they are now putting 30 in a day. Therefore, I would like to thank Curtain Brothers for joining the Government to get the Games Village done on time.

Though the schedules are very tight with approvals way behind schedule, I am determined to ensure that March 2015 remains the completion target date as set originally to have the Games Village opened with our athletes using and enjoying the facilities.

As for the Sir John Guise Stadium, key elements of the stadium refurbishments will continue with upgrade of the outdoor athletics track and indoor stadium to an international standard. There will be a conversion of one of the outdoor fields into an international hockey field and an upgrade of the facilities to increase the stadium sitting capacity from the existing 900 seats to 15 000 seats as good as any international stadium throughout the Pacific or the world.

The stadium's construction period was originally estimated to be 2 years; however, we are pushing for completion by November 2014 way ahead of schedule. This is so that we can give our athletes time to train in the facility prior to the Games. Therefore, it is imperative that all approvals and processes are processed on time to alleviate delays and deliver the venue for the Games on time. Tenders have gone out for site preparations on the 25 February with the project set to commence in April and construction completed by November 2014.

Approvals have been received by the CSTB as well as the TEC evaluated reports. Hebou Construction has been recommended through the process and will undertake the initial demolition and earthworks before the main construction begins.

Mr Speaker, we are looking forward to a brand new Sir John Guise Stadium with a complete uplift, renovation and upgrade to the current facility with having over

15 000 people being able to use that stadium. Not only that, we are going to extend the stadium so it can host rugby matches, rugby union and soccer matches, so that we can have a stadium that can invite international events and who knows, in the future also hold world cup events with rugby league and union as well.

We then have the Taurama Aquatic and Indoor Complex, and I have just been out there and it is already progressing very well. Taurama Aquatic and Indoor Complex will be the best multi-purpose facility in the Pacific Region. It will host volley ball, basketball, weight lifting, power lifting and swimming for the coming games and beyond. The Aquatic Center will consist of one Olympic standard 50 meter pool and 25 meter training pool, therefore two pools will be constructed, and all other infrastructure required for the international swimming championships.

Procurement of these pools by the VIEC is directly from Marco Pools, a world leader in advanced technology in the swimming pool industry. The indoor complex is designed as a multi-purpose hall consisting of six courts and future use will cater for a wide variety of international competitions. Also included in the designs are training facilities for weight lifting and martial arts sports as well. Apart from that, there will be also accommodation for functions, the sports hall and the aquatic center with a state of the art gymnasium and fitness center, corporate center and sporting administration offices.

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This project had an anticipated construction period of 24 months, on top of eight months design and approval process. The completion of the construction of this Aquatic Center and Indoor Stadium is very tight and will be delivered by the end of January 2015.

Taurama Aquatic Center Indoor complex was the first major games project that works began and though Global Construction started three weeks behind schedule onsite with the demolishing and bulk excavation, the job is now set to be completed at least two weeks ahead of schedule before the main construction works begin.

I thank Global Construction for coming on board with the Government to ensure that we are reaching our deadlines and our targets and that's what we need. We need companies that are ready to work with us to ensure this is completed on time and is a success.

The last one is Bisini Parade and of course, the Rita Flynn Netball Courts and this is for all our lovely Papua New Guinean women out there who play netball. We are building them a fantastic State of the Art brand new indoor courts complex with outdoor courts as well. It will include construction of an indoor hall, with two international standard competition courts, with seating capacity for 2000 people, administration center with all amenities required for an international standard indoor netball facility including a gymnasium. The tender design for Rita Flynn Netball Courts project was published in November 14, 2012 and the design commenced in March with the construction to start in November this year. The completion of construction on the Rita Flynn Courts is expected by January 2015.

Existing venues that will be rehabilitated and renovated include, Hubert Murray Stadium, Ela Beach Courts and Sea Park, Port Moresby Golf Club, June Valley Shooting Complex, Bisini Parade Softball Ground, Colts Cricket Ground, Bisini Park Soccer Ground, Lloyd Robson Oval, Pom Racquet Club, Bisini Rugby Ground, UPNG Drill Hall, UPNG Sports fields, School Sports grounds throughout NCD and various training venues.

The four major projects will cost K670 million while the refurbishment budget cost us K64 million. Expressions of interest from Papua New Guinea registered companies in services for design construction, refurbishment of various sporting facilities were published in the media in January 2011. The specifications for all sports will comply with international requirements of all respective sports and scoping and assessments will commence in April. Advertisement for tenders for various refurbishments will continue until the end of June, while the design phase will commence in July. A qualifying local architect and engineering consultant will manage the refurbishment of the existing grounds and the selection of successful contractors will be based on capacities and experience. We can't have contractors that can't do the work. Mr Speaker, we only need the best to ensure the job is done properly and correctly and professionally.

Mr Speaker, construction completion date will be no later for all these areas then November 2014.

Mr Speaker, the Games Council has publicly proclaimed its confidence through its President in the progress that we have made thus far. He was present as well at the ground-breaking ceremony at the Taurama Aquatic Center when we first started the four major projects in this country for the Pacific Games.

23/07

He was also able to witness and be confronted by our efforts to deliver the Games.

He did point out that our reputation as a country and a leader in the Pacific Region stands to be tested, defended and rests on our delivery of the 2015 Pacific Games. It is absolutely true, our reputation hangs in the air on our delivery of these Games.

Mr Speaker, the successful delivery of these Games is a crucial element of Papua New Guinea's leadership in the Pacific and beyond. The sense of urgency that should exist throughout Government must be more promoted from individual Ministers, and through their respective Secretariats.

While individual bureaucrats are supportive of Games activities, there must be more effort put in to fast track the approval processes needed to get the venues built in time. This relates both to the processing of funds through the Finance Department and the Approval of permits from both the National Government and National Capital District Commission level.

Mr Speaker, as leaders in Government, we have a duty to reach beyond our own time and borders, and to have a vision which serves those who come after us. Our future generation is at the core of PNG's mission for these games. It is an event that can integrate sports with culture and education.

Mr Speaker, the 2015 Pacific Games should not just be about the Games and this one event, but one of legacy that the future generations of our country can enjoy. One that we can look back in time and be proud of, one that we can say was our biggest achievement as a Government, having inherited these project two years late, but delivering them as our duty to our people and the Commonwealth State of Papua New Guinea and to make sure our country shine as a bright shining star for PNG.

It is a pleasure that I have been given this massive task and at the end of the day, what will be achieved through all the infrastructure development and bringing our country together through sports. These will enable us to look at sports in a different way. It is to leave a legacy to move on forward. It is not just about the Games in 2015 so who knows what might happen the future. We might be able to get the Commonwealth Games once all these facilities are built because we will have world class facilities that the Government have invested in and after these Games, it must be utilized as well. It cannot be a white elephant, Mr Speaker. However we have

to ensure we also maintain. At the end of the day we must ensure that all Papua New Guineans are trained and ready to win this game for the benefit of our country and also for the benefit of those people.

Mr Speaker and Members of Parliament, be very proud to know that this game is not only nation building but will also make our country proud in the years to come. I thank you for all your support and be part of what we are trying to achieve in the 2015 Pacific Games.

Mr JAMES MARAPE (Tari-Pori) – Minister for Finance and Education) – I move –

That the Parliament take note of the Paper.

24/07

I thank the Minister for Sports for making his statement. This is the year of Implementation and the pool at the Tarauma Leisure Centre has been stripped down and new construction is taking place and for us to go to the University to see the new buildings and the block at the Games Village taking shape, let me from the outset, pay my greatest commendation to the Minister for really living up to the task and coming forth as one of the Ministers who is really going ahead in terms of implementing what he is tasked to do as far as his work program for this year is concerned.

Mr Speaker, let us all join hands to commend the Minister, he is time bound , the Games are in 2015 and you can't move the date 4 July. He is going to deliver the facilities and the program for the nation and for the South Pacific. I hear from his lips, everytime he comes and ticks off every day.

Mr Speaker, as one of you peers in this Parliament, let me thank you and maybe put on record from one observation maybe you're the number one performing Minister so far, with respect for all the other Ministers. Thank you again for you're great enthusiasm, patience and vision for the work that you are doing.

I remember very well in the Alotau Camp, everyone else were lobbying for every other Ministry and he said Sport is my ministry. He asked for it and he got it and he is living up to the call that we placed on him and living up to the Vision that he himself passionately has for sports and for our country. So let us thank Mr Minister for the progressive report that he has outlayed for us, as far as the preparation is concern, its quite slow.

Mr Speaker, let me apologize for some of the delays and the impediments that the system has caused to his team but thankfully, we started to rectify some of those delays and we put in place a special Tenders Board to support him as he facilitates his work. We also are ensuring that he's given quick response as far as some of his procurement issues are concern because of the fact that he is time bound as far as his work programs are concerned.

Mr Speaker, sports is an important national unification tool, if I can put it this way. We have seen the effect of the 1991 South Pacific Games, how in the phase of the ongoing civil war in Bougainville, in the phase when our nation was put to stress, our national unity was consolidated when the 1991 SP Games were staged and from that we've come through and 2015 gives us yet another opportunity for us in the phase of continual growth and the challenges that faces us as a nation.

Mr Speaker, the SP Games is an important national event that should tie us together as a nation. For us to progress as a nation, we must rally behind the Minister. As far as the National Executive Council is concerned and many of us in this country see games and events like this from a social perspective but today, as we all know the movement of people, movement of athletes and building of infrastructures are all in the phase of sporting events. Behind the stage is the large pool of money circulation that goes towards putting out these infrastructures.

Mr Speaker, I would like to inform this Parliament that taking the opportunity of 2015 SP Games, the National Government sees that as an opportunity of injecting capital into our economy. When you talk about new buildings, building up infrastructure, opening Port Moresby roads to capture the inflow and volume of traffic that usually comes firstly into our ports, and secondly, using of our transport infrastructure in the city, accommodations, sporting fields, recreational facilities and all the other associated byproducts that come with the event.

25/07

The Game itself will be an economic activity. It will also bring in an influx of new cash that is not available in our economy and systems right now.

This is an important activity that the nation must appreciate. As a Government, we have strategically and consciously choose to host this game so that it can attract money and people into our country at that point in time.

Mr Speaker, in our discussions about the need for education, we must thank the Government for choosing to invest in the University of Papua New Guinea by using the land to build new assets worth K4000.00 plus, and a new residential area. After the game is over the place will be converted into residential area for our students at UPNG. This is going to be a lasting legacy as far as the game is concerned.

So we are on track and I thank the Minister for updating us. We have seen that many things are taking place and we are excited about the developments. But don't be dishearten because sometimes the system is slow but we encourage you to run just like the way you are doing now.

Mr Speaker, we hope that together with the Minister we can culminate a national event and while I speak on it I ask every men and women in this country, especially the sportsmen and women that we need gold medals at the end of all these preparations. It is embarrassing to use this word when smaller nations of only 20,000 populations come and attain gold medals while we lack behind.

Mr Speaker, while the Minister is at the top gear preparing the infrastructures, let us get our sportsmen and women into training because the Minister will not come and train them. We urge our sportsmen and women right across the country to start training. We lack training. My own brother plays for PNG Rugby Team and I see him training two days a week and the rest of the time he thinks that his natural strength can take him through. No wonder, why? We have not been doing well in many of our events.

Our sporting people are just so complacent in their attitude towards training. So it should start now and let me ask the Ministers for Sports and Education to go into partnership so that we can look at it academically through our school systems. We have to revive those school carnivals and gear towards 2015. This must be part of our school activity all time and link to the Sporting Ministry.

We should have a systematic academy base or school base academy developed for all our sporting. Soccer is a global sport unlike rugby league that is only confined within five nations only. So we should concentrate on global sports like soccer as far as the professional sports are concerned because they earn so much money. I know we have so much raw talents out there but our systematic approach in dealing with them as so far fallen far behind. There are many combinations to that effect. For instance, the system is not capturing and delivering, secondly, those currently engaged in sports there are complacent and so inconsistent in their training to sports. So let me

appeal in conclusion to all our sportsmen and women that they can do themselves and the country a great favour by putting extra efforts into the trainings right now. Hopefully, by 4 July 2015, we will all be happy when all the infrastructures are completed.

26/07

So happy that we are placing our dominance as big brother with a number of gold that we will win in that event.

Sir PUKA TEMU – I also speak in support of the Honourable Minister’s statement. I want to say that apart from being the Minister for Sports, I must say here that he is the Minister for Happiness and I think we need to develop a formula for National Happiness Index as part of the GDP of the country.

I want to commend the Minister, for an excellent job and I am only worried about his grey hair as I notice it is part of the huge tasks on his hands. However, I continue to admire his strength and capability in organising the number of international dignitaries that we have hosted so far and these commitment and enthusiasm gives assurance that he will deliver the biggest and best games ever since 1991.

Mr Speaker, as I reflect back on that Game when a young lady called Loujaya was there singing that lovely song and now she is a Minister of State when the Games are in progress and I know it will be a great recall for the Minister Loujaya.

As the Leader of Government Business and Minister for Finance has said, I think with the construction of LNG Project is continuing phase going down in LNG, the construction phase for the preparation of the games is a wonderful boost to the economy and I hope that many young people will be engaged in this construction phase and therefore continue to earn an income.

Mr Speaker, there are two areas which, I would like to make suggestions on and I know the Committee responsible are taking them on board but from my observations of countries who win the most number of gold medals are those that focus on individual games rather than group games; maybe a strategy should be set to focus on individual games as they are the ones that cause the increasing the medal tally.

Little countries like Tahiti and New Caledonia win gold ahead of us because they focus on individual games where, they train and skill these individuals with a lot of sports psychology and these contribute to their excellent performance. And as the host of the biggest games ever, we should focus on individual sports so that they will add to the gold medal tally ahead of the other countries.

The second issue is on the Games Village which will be at the University of Papua New Guinea; the traffic around that area is so terrifying so we have to dedicate one lane for athletes only during that time. If you had an opportunity to view the French program on road building and bridges, they have a smart structure and we need to look at that and maybe include such a structure to alleviate the traffic issue. The Games need to be broadcast nation-wide through all mediums that includes the *National Television Network, Kundu2* and the government must look into extending the *Kundu 2* infrastructure before the Games so that the people in the villages can be able to watch games as well and be a part of this biggest sporting festival.

27/07

Mr Speaker, *Kundu 2* network has very good programs but many of our people miss out. While the government support is there I think this is a good opportunity, to allow *Kundu 2* and *NBC, NBC Central* and other FM radios around the country and have them participate. I know the Minister has already thought about this.

I also suggest that, we should allow special seats for our children during the games because they have very good memories because it is part of mentoring. I am sure special seats will be allocated for all the school children in NCD and hopefully from Abau and Goilala, and Kairuku. We can bring our children down for one day to use those special seats and take them back again. I know that it will really help and excite them. Who knows, one day, one of them will represent our country.

Mr Speaker, on the commercial side of the games, our women throughout the country cook very good food and so there will be a lot of opportunity for businesses. I admire many of our women who wake up 4 am in the morning. They prepare their ice-blocks and sell on the streets every day just to make money to put food on the table. During this time when there will be more than 7 000 extra people in the city, I request that stalls be set up for catering purposes. The Koki/Wanigela women are very good cooks and instead of our participants going to the hotels or University mess they can buy food wherever they are. This will also help the women to make money. We

should give opportunities to our local women to provide catering services. We need to create all those smart ways.

I strongly suggest that we also put big screens throughout the city because not everybody can go into the stadium. There has to be strategic sites to set up these screens.

Mr Speaker, I think the technology is now offering opportunity to showcase our country as well. I hope that we can also buy prime time all around the world. In many cases, we do not pay for prime time in Europe or America to showcase our country but maybe this is an opportunity for us to pay prime time in Europe and America where people have not heard of PNG. We can now tell the world that we do exist and we are hosting the 2015 South Pacific Games. This is our city and we are proud that we will host it successfully.

Mr Speaker, lastly, I recommend that at that each sports sites, we arrange for traditional dance and music to participate. For instance, at the Rita Flynn Oval where the ladies will play netball games, there should be one or two traditional groups. Our traditional group will showcase our kundu drums and dance. We can get a Kairuku dancer to dance to the rhythm of the kundu and present the medals instead the games officials.

Mr Speaker, I think this is a great opportunity for our nation who has received a lot of publicity overseas. This is the time to tell them that we are not that bad. We are better than what they think.

27/07

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28/07

Mr POWES PARKOP (National Capital District) – Thank you, Mr Speaker, for giving me this opportunity to speak on the Minister’s statement. I was not present

when the Minister made his statement but I am sure he has outlined everything in preparation for the 2015 Pacific Games.

Mr Speaker, I will support the Minister and assure the Government, the Members of Parliament and our people that as the Governor and Chairman of our Commission, we are ready to make the Games the best ever.

Mr Speaker, I am a very relieved Governor and citizen of our country because when we were putting the bid together in the beginning for two years, we lost the Bid to host the Games. In the former Government, and I do not want to dwell too much on that, there was not much progress. I was getting nervous to the extent where I was thinking maybe when 2015 comes I would run away because I might hang my head in shame.

I pushed for the Bid and supported it and even went to the Cook Islands with our team both from the Government and Opposition. We made a lot of commitments but we did not deliver in two years. Then in 2009, we won the Bid but from 2009 to 2011, nothing was prepared.

Mr Speaker, I want to put on record our deepest appreciation to the Prime Minister, Honourable Peter O'Neill and the Government for taking action and making things happen. The Government has made a commitment of over K1.2 billion for the Games and that is deeply appreciated by the residence of the city, all the stakeholders and our country. The Government is also making more commitments towards supporting that effort in terms of the roads that are being prepared.

I know that some of our Members of Parliament representing the different provinces of our nation might feel a bit upset about the commitment. Nevertheless, if we look at the bigger picture of what we are preparing for the city and for our nation perhaps we can understand and appreciate the commitment that the Prime Minister and the government is making for our city.

Mr Speaker, our city is a national asset and from this city we will build the nation, carry out services to our people. This is where the seat of government is and where foreign missions are located. It is important that we showcase our country from our city. For a long time now, we have been giving a negative impression to our neighbours and the entire region of the Pacific, and the world from this city.

Mr Speaker, as you know, we were first timers in the last term and my commitment was to make sure that we would turn this city around in all facets of development. Currently, we are gradually and surely turning this city around in terms

of employment, physical infrastructure, beautification of the city, attitude of our people and law and order.

This commitment by the Government to support the Games is deeply appreciated by me, our three other Open Members and of course the residence of our city. We therefore are determined to support the Minister to deliver the best games ever. Nevertheless, everything else depends on our sportsmen and women, and for a long now, we have not been supporting them as well as we could.

Mr Speaker, in 2011 I went to watch our performance in Noumea. Our sportsmen and women did us very proud because they were able to accomplish feats that they did on their own. Imagine if the Government supported them and that they got more corporate sponsors. We have people like Tony Green out there on his own preparing our athletes. He needs support and the government is giving that support, and I am happy that the Minister is pushing for that. Nevertheless, we have limited time to prepare our athletes, but even so, our athletes have performed well before.

In Noumea we won all the track events and believe it or not we beat all the Polynesian states including the French territories. We had a shortfall in the field events but in the track events we outclassed everybody.

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Our women's soccer team beat New Caledonia in the grand final event though their team comprises of players who play in France. So I am confident that our athletes will do us proud in the 2015 South Pacific Games, but we need to give them the support they need and the Government is doing that now both in infrastructures, venues and preparing our athletes.

Mr Speaker, our people are natural athletes and that is why we use sports in the city as a pathway to develop our people. Unlike in the provinces where you have natural resources like copper, gold, oil and gas, in the city, I only have human resource so I cannot invest in forestry, agriculture or fisheries. We only invest in the people to develop their talents and skills.

We can make our people become outstanding world class athletes. We know this because our people walk, run, swim, climb trees and some also shoot each other with bows and arrows. These skills are natural to our people but it just needs a bit of coaching and mentoring for them to get there. And they have showed me in the past

so I am confident that in the 2015 South Pacific Games, they will show it again and make us proud.

Mr Speaker, in the scheme of things that I have been pushing for the 2015 South Pacific Games to come here is because we will also be celebrating the 40 years of independence. I am thankful that the previous Government and the Opposition supported it.

The Member for Kabwum was complaining yesterday that Lae should be one of the venues to host these games but we don't have enough money. Otherwise, that idea was part of Mr Bart Philemon's scheme of things to win the election at that time so let us put that to rest. But in Port Moresby, I am confident that we will do well in terms of aligning the city to support the Games. I know that we have already aligned that and I note what the Minister for Public Service has said in terms of the infrastructure. What I would like to see is that there is a road and we are currently working on it to link Magani Crescent at the back of the Parliament to Morata to Gerehu because they will link the Games Village and also it will break the impasse of people coming out of Gerehu everyday to the deadlock in the Morata-Tokarara junction.

So we are already aligning ourselves in preparation for the 2015 South Pacific Games. We are preparing the city in terms of the infrastructure but also in terms of our people. What I would like to see is for our people to take ownership of the Game and I agree entirely with what the Minister for Public Service. Sir Puka Temu has said that our people must take advantage of the economy and also the children should take advantage of the Games. The Minister for Sports must take ownership of this and the Host Organising Committee must prepare the program so that our people fully participate.

I want to see that in 2015, the city is clean, friendly and safe and showcase the positive attributes of our people, the potential of our nation and what we can contribute to our people and the region and ride on that to achieve greater heights into the future. This is why we have bid for the South Pacific Games and I am very thankful that the Government under the leadership of the Prime Minister supports this vision in taking us forward towards making 2015 South Pacific Games successful.

In terms of security in the city, we have turned this around. Port Moresby city as everybody know had a bad reputation. Now we do not have a lot of hold-ups and shoot-outs with police, break-ins and other serious crimes. The problem has not gone away but we have minimised the criminal activities but I can assure the Prime

Minister, Members of Parliament and all our people that by 2015, the security and safety in the city will be at its highest.

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This is not just in preparation for the 2015 South Pacific Games but also for the good of our people, investment and the entire country and that we bring about safe and secure environment where our people can work, go to school, set-up businesses and build prosperous future for all of us. So for all the things we are doing, it is not just necessary for the South Pacific Games but to ride on the South Pacific Games so that we can build a better future and leave a lasting legacy. I want to see all the infrastructure development to being a legacy for the future and not just for now.

Mr Speaker, when we went to Noumea in 2011, they were using the same stadium that was used in 1960 when they hosted the initial South Pacific Games as it was named at that time. Unlike us, they looked after their infrastructure very well and that is a challenge that the Minister for Sports and the South Pacific Games Authority needs to remember. What will be the legacy that we should leave behind?

I want to see a legacy where our infrastructures are of world standard and quality and we maintain and manage them to the extent where we can continue to use them to showcase our nation through sports, and to provide opportunities for our young people to excel in sports. When they run into a field or go into a ring or indoor complex of world class standard, of course they will lift their talents. But if they go to a field full of potholes or the type of rundown arenas that we have now, it will be just like any other games. There will be no high self-esteem and they will not play to their best.

That is why I am happy that the Government is investing money there now because it will not just be a facility and a legacy for the city but it will be for the entire nation. From that legacy, we will continue to hold other regional games like rugby league, union or soccer and maybe down the line, I think we should bid for the Commonwealth Games. Why can't we bid for the Commonwealth Games because everybody else had a turn in bidding for it.

In Australia, they have hosted it many times. Maybe now when it comes to Gold Coast, it will be like three times. In Asia, they have hosted it in Malaysia, India and other Commonwealth countries there including Sri Lanka. In Africa, they have hosted

it in South Africa which I may be wrong but they have hosted it in some parts of Africa.

In the Caribbean, they have hosted it in small Jamaica. I am saying small because they have a smaller population and their economy island is not as big as ours but they have hosted the Commonwealth Games, and this is the legacy that I want us to leave. In the future, our people can be able to host Commonwealth Games so we must start to open up and showcase our people and of course showcase the country and its potential while building up the sports economy around the Games themselves thus making them become an industry at least in the city.

As I stated earlier, we do not have resources like the provinces have so we can only invest in those types of things like sports, talent and skills or art and music. Maybe in the future, we might be able to innovate something that can be produced or manufactured in the city but for now, this is what we focus on. We can try to build the economy around those areas.

Mr Speaker, the Prime Minister has opened another international airport at Mt Hagen. In the past, Jacksons Airport used to be an exclusive part of our economy but now Mt Hagen will compete against us. Maybe Morobe Province will want to improve Nadzab Airport to international level. This will start to affect us because we only survive on the resources of our nation. All the people and goods from overseas come through our International Airport and the sea port and if it is going to be opened up then we need to broaden up the city so that it will also sustain the city other than relying on National Government contracts or NCDC contracts.

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The games are calculated in terms of that vision, towards help building the economy, showcasing our people and giving an opportunity to them to excel in sports. I am very happy that major projects are currently ongoing. The Aquatic Center and Games Village have started, and renovations on other major infrastructures are also starting soon.

We are here to make sure that the Games are a success, not only for the city but for our entire nation and people.

Mr Speaker, thank you for giving me this opportunity because I am here to support the Minister. I also would like to congratulate him for making his statement and clarifying to our people that we will have a most successful Games ever.

Thank you.

Ms LOUJAYA TONI (Lae – Minister for Youths, Religion and Community Development) – Thank you, Mr Speaker, for giving me this opportunity to speak in support of the Ministerial Statement provided by the Honourable Justin Tkachenko, Minister for Sports, Pacific Games and National Events.

Having being a part of the 1991 South Pacific Games, I would like to add a few comments on what made the success of the Games apart from the preparation of our sportsmen and women, and the infrastructure at that time.

Now, we have plans to host the 2014 PNG Games in the Morobe Province of which, all of your contingencies will be arriving in my province to showcase, and possibly be chosen from there for the 2015 South Pacific Games. Nevertheless, if you were to go to Lae you will not see any renovation work or preparation happening for the 2014 PNG Games, Even though when Morobe Province won the bid to host the Games.

Therefore, if there is still some money left in the coffers, Sports Minister, please assist at the Lae District level to facilitate the accommodations for all the contingencies that will be arriving in Lae for the National Games. We need the assistance specifically for the individual sports to be played.

The Honourable Member for Kabwum had stated that Lae would have liked to be a part of what is happening here in Port Moresby, therefore, we must be part of what is going to happen here in Port Moresby.

I would like to liaise with the Sports Minister in the weeks to come with regards to how we can assist the Morobe Province in hosting the National Games. I did raise this on the Floor of the Tutumang regarding what plans were in place for this year to be able for us to be ready for the Games in 2014. And he stated that there was a Working Committee established and they would be commissioned in Port Moresby, but the real work on the ground has not yet started.

Nevertheless, I would like to suggest to all the Members of Parliament on how we all can participate with the Games that are going to be held in Port Moresby in 2015. And this can be done by sponsoring a traditional dance troupe so that it is not Port Moresby putting up the dance troupe representing our provinces and districts. It would be easier to have dance troupes representing the provinces from here in Port

Moresby, but it would be nice if the Sports Minister could allow each province to provide their own dance troupes.

Part of the hype that was built for the 1991 South Pacific Games was through music and traditional dancing. The music that was prepared for the 1991 South Pacific Games was taken from the National Arts School.

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The Arts School students were tasked with coming up with a music that would reflect our national identity and provoke our sports men and women to strive for success in the Games.

Mr Speaker, it would be a good thing for the remaining months of this year to have the Sports Minister and his office make a statement in the media calling for musicians and dancing troupes to come forth for auditions. This would at least make those in the provinces feel a part of this entire process.

Mr Speaker, that is my offering this afternoon to this debate, and I would like to once again congratulate and thank the Minister for including all of us in your package to make it happen for Papua New Guinea in 2015.

Thank you.

Mr PETER O'NEILL (Ialibu-Pangia – Prime Minister) – Mr Speaker, I too would like to contribute to this debate, and also commend the Minister for the work that he is doing in preparation for the Games to be hosted in 2015.

Mr Speaker, this is no easy task and the Minister has literally taken the bull by the horns to drive things along and maybe also upsetting a lot of people. Nevertheless, we have encouraged him to continue with what he has been doing and not to look back and we appreciate the drive that he is taking.

Mr Speaker, I think that this is an opportunity for us to present our country in a different light that others see us in, especially internationally and within the Pacific Region. We tend to attract attention for all the wrong reasons. This particular occasion will be an opportunity for us to display to the rest of the world what Papua New Guinea has got to offer than the so-called issues that people read about on a day-to-day basis in their newspapers and media throughout the world.

Mr Speaker, I also want to say that I also appreciate the support that we are getting from the Governor and the NCDC Team. For the first time, they have taken on

board this Games issue as their own and given all the support that we could ask for. Once again, I would like to take this opportunity to thank the Governor and his NCDC Team.

Mr Speaker, the population of Port Moresby City is estimated to be over a million by 2020. I think that we are close to that figure but because of inefficiencies in record keeping we do not actually know how many people are living in the City. This goes to show that we need to plan the City well. I know that some sectors in the community are asking why we are spending so much money on infrastructure for the City. For a city to have a population of over a million people, that represents well over 10 per cent of people in one city alone. This is now by far the fifth biggest city in the South Pacific region including both Australia and New Zealand.

Mr Speaker, therefore, the National Government is happy that we are working closely with the City's Government in so far as infrastructure projects are concerned. That in itself does not mean that we are neglecting the rest of our obligations throughout our country.

As the Minister for Works put out a statement recently, our focus in ongoing elsewhere and we are trying to do everything as much as possible and I can guarantee, Mr Speaker, it is no easy task given some of the distractions that we continue to have here in Port Moresby, but we are giving it our best shot and I think our people judge us for that in the future.

Mr Speaker, 2013 has been a very interesting year. We had an influx of visitors coming through our country and they have left with high and good spirits, and most of them are looking forward to come back.

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This is a very good clear example of how we are capable of handling such big events. This is a big occasion where we display our country in good light with colour. We also had our Minister for Community Development, Religion and Youth that attended the Commonwealth Youth Ministers Meeting. That was also a big event but it was not much talked about and it went smoothly. They attended well and that shows that we are capable of hosting such a big event.

Mr Speaker, next year we are going to host the Melanesians Festival of Arts in Papua New Guinea. This is again a big opportunity to display our culture and arts to the rest of the Pacific and it is going to be a big event. I believe we have taken these

events on board as a country and we cannot say that we cannot host this event or cancel it. However, we have to put together the limited resources to host such a big event. In addition, we should also be happy that we are hosting some major important events as well as the State visit by the President of Indonesia to PNG in September 2014. We also are looking forward to the Asia-Pacific and African Caribbean Conference (APAC) in 2018.

Mr Speaker, in preparation for these events, we are now building infrastructure around it, fast-tracking the Port Moresby Sewerage problem which is funded through the Japanese International Corporation Agency (JICA) program. As we speak today, the Japanese are in the city to improve on the sewerage system to cater for the inflow of people into the city during the event. We have already engaged six contractors who will be building the major infrastructures in the city.

Mr Speaker, we are also working with some of the building contraction work for some of the sporting facilities that the Minister was talking about. Besides that, we are building a world class rugby league stadium at Papua New Guinea Rugby League (PRL) stadium.

With this, I thank the PRL Board and Management and the Minister for the leadership that they have shown. It is one of the biggest world class stadium funded by Papua New Guinea Government through the Oil Search Tax Credit Scheme and it will hold about 30 000 people. It is for the first time that we are constructing some world class buildings in this country. The Minister was referring to the main stadium which will hold up to 50 000 people. These are the things that we all need to be proud of as a country.

I know that we are hosting some games in Lae and we are looking forward to working with the Morobe Provincial Government and the Member of Parliament to build the infrastructure for that.

Mr Speaker, we do not want to leave it to the last minute. We almost did not host the Kokopo Games because we ran out of funds and I needed to intervene. I thank the Governor of East New Britain for putting his DSIP money from Kokopo district to host the games. I also like to thank the Governor for that and it was one of the most successful games that the PNG Games Organisers have ever organised.

We are now looking forward to the upcoming games in Lae, but let us work ahead with time and properly prepare so that we are not bombarded with problems during the games. I think it is a good lead up game to the South Pacific Games and it

will win us many gold medals for us. We are the host nation and we must win the biggest number of medals. We must hear our national anthem and our flag rising after every game.

Mr Speaker, we are eagerly looking forward to it, but I want to make a special appeal to the Governor of NCDC and NCDC Management and the public that we need not to wait until 2015 but start now. We should have a concerted clean-up campaign in Port Moresby city. Rubbish is everywhere and it is our city and we must be responsible and dispose our own in the right places rather than on the streets of the city. We cannot ask everybody else to clean-up unless we clean up ourselves first and that is a noble saying.

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Mr Speaker, we must take pride in our city and take control of disposing our rubbish in the right place to display a city of prosperous striving city that is taking its place in the South Pacific Region.

We must stop the careless and no care attitude about littering in the city and at home. We must do it in a right way that will give us a healthy country with health people in a healthy community. I believe we can do some work together, especially in the publicity campaign against littering.

Mr Speaker, on top of that, we need to build tourism and other industries that are built around such exposure. The 2015 Games will expose us to other opportunities to develop those other industries.

As a Government, we congratulate the Minister and the Sports Commission for the job well done in their preparation for the upcoming major event and if we have to attract tourists, we must clean ourselves and our cities and towns.

Lastly, the Government is strongly supporting the Minister and his Commission to deliver this 2015 South Pacific Games to a success and to make Papua New Guinea a proud nation.

Thankyou, Mr Speaker.

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

That the question be now put.

Motion – That the Parliament take note of the paper – agreed to.

**THE FIRST QUARTER REPORT ON EDUCATION –
MINISTERIAL STATEMENT – MOTION TO
TAKE NOTE OF PAPER**

Mr JAMES MARAPE (Tari-Acting Minister for Education) – Mr Speaker, I rise to present to Parliament the first quarter report on Education as caretaker Minister for Education.

At the outset, I comment the O’Neill-Dion Government for recognizing Education and Training as one of the top investment priority activities in the 2013 Budget.

The investment in human capital will determine the future of this country. Every successful country in the world has invested heavily in education. For PNG to be a middle income or to be ranked 50th in the human development index as envisioned in Vision 2050, the investment in education is critical.

Mr Speaker, Papua New Guinea’s education indicators are poor compared to its South Pacific neighbours and African nations. Apparently, education has been making very slow progress towards achieving the United Nation’s Millennium Development Goals to achieve Universal Education and Gender parity by 2015. As I alluded to yesterday, our current enrolment statistics stands at 70 per cent. However, that is a statistic that has increased from what was 53 per cent three years ago into 70 per cent this year, 2013. On this point, let me commend the leadership of the Prime Minister and the choice of investment in education and direct correspond to our free tuition fee policy as seen the cost is substantial increase.

Mr Speaker, I would like now to report on the four priorities of the Ministry of Education for the next three years starting in 2013.

Priority 1. Tuition Fee Free and Subsidized Fee (TFFSF) Policy

It is the government’s policy that the Tuition Fee Free and Subsidized Education program will continue during the life of this Government. A total of K652 million was appropriated to my department to implement this policy this year. The policy covers three components; first is the cash grants to schools (K602 million),

second is the commodity component (K40 million) and the third component covers nationwide school survey taskforce (K10 million).

TFF Cash Component

The Government's 100 per cent TFF Cash Component Policy of 2012 has been amended to allow for the disbursement of both cash and commodities to institutions in 2013.

Under the cash component, a total of K602 million was appropriated to fund full tuition fees of all students attending Elementary to Grade 12 and subsidized fees for students attending Vocational Centres, Flexible Open Distant Education (FODE), Special Education Centres and Approved Permitted Schools.

As of May 8, a total of K388.7 million has been released to the Department of which k235 million had been disbursed to schools nationwide.

The first tranche of the tuition fee free funds were paid out to schools at the beginning of this year. A total of 1 637 638 students in 8554 schools have benefited so far.

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AusAID has also provided a total of K25 million to support the programme and this money had been paid out to elementary schools only. Most schools are now receiving their tuition free funds through bank accounts.

My Department has received good support from the banks but there are over 600 schools throughout the country still without bank accounts. We will therefore ask them to ensure they open bank accounts and provide them to the department.

Mr Speaker, given the inability of the National and Provincial Departments of Education to furnish to Government accurate information regarding schools, teachers and student data, the O'Neill-Dion Government has decided to take a nationwide survey this year. This is to compliment the Government's seriousness regarding education and investments in schools. The data from this survey is very critical to support the programme insofar as free tuition fees are concerned.

According to the 2013 Nationwide Schools Survey Taskforce, which was appointed and mandated by the National Executive Council, it was appointed to basically undertake a survey of all schools in the National Education System. The NEC has approved K10 million for the survey which is separate to the schools census conducted annually by the National Department of Education.

Mr Speaker, an independent data and assessment of our current data need to be done to validate the data that the National Department of Education has in the system.

Mr Speaker, in reference to this, last year, there was an over payment maintained by the Department of Education. We noted this and asked them why it was still in the system and they said that because it was an over payment they needed correct data to process the information. That is why the National Government has commissioned this independent survey into our school system.

The data collected will be used by the government to review and formulate policies or laws that govern education as well as the monetary policies for better outcomes amongst other things. Each of the 89 districts will receive K100, 000 through the JDPs and JPPCs to assist schools in data validating exercises.

Mr Speaker, the Department has arranged cheques to be paid to the respective 89 districts Treasury operating accounts. The survey is very important for PNG and I expect all Members of Parliament to help and personally take responsibility to ensure districts furnish in those reports and participate in this survey.

Mr Speaker, I expect to have this survey completed by August this year and a report will be furnished to Parliament. At the moment we will delay the funds for the free tuition fees until this survey is completed and validation of data received for the last term of the third quarter of this year.

Mr Speaker, of the K652 million, K40 million has been approved by Cabinet to fund the commodity component in 2013 to facilitate the procurement of basic material kits, and the monitoring and confirmation of door to door delivery to all schools from elementary to Grade 12 in PNG.

Mr Speaker, we are venturing into this because we feel that there is no value for money by mode of giving direct cash grants to schools. For instance, we feel that there is dilution to the effect of that money therefore we are trying to break it up into commodity components and cash components. The commodity component and the basic kits are described as what each class needs like books, pencils, rulers, and et cetera. Simply, it is the basic kit to assist in the improvement of the students' and teachers' learning environment. In many schools right around the country they lack such basic kits. Therefore, we hope that the Government's intervention in our schools can be better improved through this approach.

Currently, tenders have been called by the CSTB and a submission will be forwarded to the NEC by the end of this month for the selection of a suitable private

implementing partner to trial this programme for 2013. Hopefully, if it all works out then we could expand, but it is just under a one year trial basis. My department is now preparing to facilitate the implementation of this programme in collaboration with the PIP, National and Provincial Governments.

Mr Speaker, the critics are saying that the O'Neill-Dion Government free tuition fee policy is economically unsustainable. The critics however should take time to identify the advantages that are glaring in their faces right now.

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One such advantage is the parents of school children across this nation have had K1.3 billion at their disposal in the last 12 months, a feat never seen since the birth of this nation and sets a benchmark never to be surpassed by future governments.

Mr Speaker, this is in reference to money being retained in the pockets of parents right across this nation for the last two years as a direct result of free education to this country.

It is also a fact that billions have been squandered or misused every year by successive Governments with nothing tangible to show for the expense. This is the money that the O'Neill-Dion Government is adamant it can save and spend on key socioeconomic sectors including education and health.

The O'Neill Dion government recognizes that the provision of free tuition fee and subsidies alone is not enough, thus is prepared to dig deeper into the nations resource purse to substantially invest in education infrastructure nationwide. It recognizes that classrooms, teacher's houses, proper ablution blocks, libraries, ICT and science and laboratories must be built to make schools more conducive environment for teaching and learning. Learning materials such as library books and text must be purchased and delivered in time to schools nationwide.

Inspection is the function of the Provincial Education Board throughout the nation but has been ineffectively performed over the years, hence the poor output by many of our schools. To redress this, Standard Officers in each district will be allocated an inspection vehicle conditional upon reports on schools being submitted in timely manner.

Mr Speaker, my second priority is to review the current Outcome Based Education Policy. A task force with clear terms of references was formally established

by NEC and is headed by Fr Jan Czuba the president of Divine Word University. The membership of the taskforce consists of Mr Jerry Tetega, the former Secretary for Education, Dr Thomas Webster the Director for NRI, Dr Kapa Marlpo the Dean of Education for University of Goroka and Mr Michael Homingu, the Principal of Enga Teachers College. The work of the task force is progressing well and is expected to submit its findings to Cabinet soon.

In the meantime, the Department has made a number of interventions to improve the quality of education. For example, introduction of English as a medium of instruction in all schools starting from elementary as of 2013.

Commencing 2013, English has now become the language of instruction in schools. All elementary teachers are undergoing special training courses in teaching English. Local languages continue to be taught however as a subject to explain difficult concepts. To support the Department of Education improve the teaching of English, an agreement has been signed between the British Volunteer Service Abroad to train primary teachers college lecturers to become competent English lecturers. These lecturers in turn are expected to train elementary and primary school teachers to teach English in all schools.

In addition, the Department in collaboration with the private partners have started teaching phonics in two pilot schools in NCD. In these pilot schools, 36 teachers and standard officers were trained in the delivery of the phonics.

Mr Speaker, my third priority is quality of teacher education. The quality of education is dependent on the quality of teachers who are teaching in our schools, teacher's quality also includes the kind of training received and personal commitment to teaching.

Currently, there are 13 primary teachers colleges and three universities that provide secondary teacher training programs. The elementary teacher training program has been institutionalized into the existing primary teachers colleges including PNGEI.

To improve the competency of the teachers trainees and the lecturers, the following actions have been undertaken. All elementary teacher trainers now have a degrees in Early Childhood Education from Queensland University of Technology, numbers of primary school teachers are degree holders teaching in primary schools, upgrading of teachers qualification from certificate to diploma at the elementary and

primary levels, teacher colleges lecturers are undergoing their minimum to master level and higher levels, aligning of primary teachers college with the selected universities such as Madang Teachers College with UOG, St Benedict is now a part of DWU and Sonoma with PAU.

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The Department has made a submission to NEC to lift the ban on recruitment of overseas teachers. This is one way to improve the quality of education, under the *Teaching Service Act*, The Teaching Services Commission is responsible for the terms and conditions of teacher's employment and the plans are underway to review the current salary and other conditions of teachers.

A lot of questions are being asked about RESI, the Department of Education does not control any RESI Funds. In 2013, no budget has been allocated in infrastructure and maintenance fund. Funding for infrastructure and maintenance for the provincial institutions is a provincial government responsibility.

In 2013, about K10 million has been allocated to each Member of Parliament under DSIP and also PSIP. Twenty per cent or approximately K2 million of that is tied to Education. That money could well be allocated to school infrastructure and maintenance in each district. Similarly, each local level government has been allocated K500 000 with 20 per cent of this allocation earmarked for education, this 20 per cent equates to K100 000.

Mr Speaker, again each JDBPC should allocate these funds for infrastructure for maintenance of schools such as elementary, primary, secondary and vocational centres. It is important that the decentralisation of functions of provincial governments is supported by ensuring that more funding and management responsibility is given to the provinces. The National Government is responsible for national institutions and must budget for the infrastructure development of the national institutions. It can only assist provinces if it has funds specially allocated for the provincial institutions. Infrastructure development and rehabilitation of schools and colleges is central to the improvement of quality education.

The Department of Education welcomes and supports the policy entailed in the *Alotau Accord* on infrastructure. In the Universal Basic Education Plan 2010-1019, the estimated number for classrooms and teacher's houses with the costing are provided as a guide, for example in Elementary Education, about 1310 classrooms are

required between 2010-2019 with an estimated cost of K99.4 million. In Primary Education, 1199 Grade Three classes are required with a further 2713 required for Grade Five students, 3070 for Grade Seven. The total cost is estimated at K836.5 million to build these classrooms. And because the administration of elementary, primary, vocational and secondary schools is under provincial government, many of the infrastructure will have to be built by the Provincial Government. They have to ensure that the infrastructure cost are included in the annual budget during the UBE Plan 2010-2019 period. A total of 8222 primary school teachers houses have been planned between 2011 and 2019 at a total cost of K462.7 million to kick start that program. A total of K137 million has been flagged in the 2013 Development Budget. We hope that some support comes from the HRDP1 European Union funded project that we are currently liaising with. In addition to the above, a total of K27 million has been flagged in the Development Budget for various infrastructure projects including housing and transport for school inspectors at the cost of K20 million.

I would like to inform the Parliament that the Department's ICT rollout program to schools is continuing. For 2013, an estimated Recurrent Budget of K7.6 million is being sorted out to fund the ICT division and a further K48.1 million related infrastructure development. We have established dialogue with the Indian Government through its High Commission in Port Moresby and a PNG-India Corporation Agreement focus on ICT development is being formulated. ICT will definitely enhance management teaching learning capacities of our schools.

Teachers resumed on 28 January 2013, a total of 48018 teachers are currently on payroll. Only 33827 teachers submitted their resumption forms to confirm that they have resumed duty, while 14191 teachers resumption forms are still outstanding and not yet received at the Head Office. The Secretary has sent out reminders in the media and through circular warnings that the teachers who did not submit their resumption forms By Friday March 15 2013 will be suspended from the pay roll.

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As a consequence of failure by some teachers to submit the required forms a total of 8779 teachers were suspended on pay number seven on 3 April, 2013. Following that action 1894 teachers have now submitted their forms and have been restored on the pay roll.

The total number of teachers on suspension now stands at 6885 and the top of the list of suspensions are as follows, Morobe - 1304 teachers suspended, Southern Highlands - 1263 teachers suspended, including Hela, Western Highlands - 740 teachers suspended, Autonomous Region of Bougainville - 844 teachers suspended, and Madang - 506 teachers suspended. I call upon all the Provincial Education Advisors and District Education Advisors to get out of their comfort chairs and work hard and try to get these forms submitted back.

The Department has advised all Provincial Education Advisors to insist on all teachers to immediately complete the resumption forms if they want to be paid. If the forms are not received by the end of June 2013 the Department assumes that the positions are actually vacant and not filled.

Mr Speaker, the Department is currently undergoing a major review of its structure and functions to make it more effective in responding to challenges that lay ahead in fulfilling the department's objective in providing quality education to meet the increasing demand for improved infrastructure in all schools.

Under the Department's restructure plans for 2013 one of the initiatives is for the TVET Wing to be headed by a Deputy Secretary given the importance of technical and vocational training to our nation's development.

There are also plans to bring the functions of PNG National Commission of UNESCO under the umbrella of the Department to make it more effective and efficient in dealing with the matters relating to UNESCO. And in fact, there is a standing NEC decision with regard to UNESCO for that amalgamation.

Mr Speaker, skilling our labour force through technical and vocational training is one of the core pillars of developing the social and economic wealth of the country. The Department of Education currently has 121 vocational training institutions, seven technical and business colleges, one polytechnic institution and 15 proposed community colleges. In 2013, a total of 30 000 students have enrolled in various programs in our TVET institutions. May I now inform the Parliament the number of developments taking place in TVET?

Mr Speaker, technical secondary school policy is a policy of mainstreaming vocational education and secondary education to be finalized by June 2013. The policy is being amended to amalgamate vocational centers with our community colleges. Competency Based Curriculum Reforms are being undertaken in all TVET institutions.

The NEC in its special meeting of No.1 2013 decided to repeal the *IT Act* hence IT Trust will be abolished and all community college functions will come under the Department of Education.

Technical college expansions are now underway in line with Vision 2050 starting with Mora Mora in West New Britain, Bougainville Technical College is set for 2014, and Enga and Southern Highlands are working on the infrastructure and I ask all Governors of these provinces to give their support to these new colleges to be established in your provinces within the context of partnership in development.

And at this juncture let me ask that it would be nice, as it is part of the Education Plan for every province to have one technical school. And I'd like all Provincial Governments and Provincial Education Plans to really reflect that and can be incorporated into the National Education Plan.

In conclusion, Mr Speaker and honourable Members, education is everyone's business. We all have a very important role to support education and training at district and provincial levels as we lead and influence the future of our country.

Mr Speaker, quality education remains our core business in education sector. The government is serious and fully committed to provide the highest level of quality elementary, primary and secondary education and TVET in the country so that our children are able to be competitive and skilful in all subjects of the curriculum.

As a responsible Government we have taken deliberate and decisive actions to change the course of education in Papua New Guinea thus far. We will improve access and most importantly the quality of education.

We have started by making education fee free, we are exiting OBE including a full audit of all curriculum subjects and we have made English the language of instruction. We are supporting infrastructure for learning. We are also establishing school libraries; we are recruiting specialist teachers from overseas, and taking other innovations and interventions.

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We have started the process and it will continue to be reviewed to improved access to quality education, teacher education and TVET so that our children can receive the best education and become globally competitive.

Finally, Mr Speaker, may I once again thank the Prime Minister and honourable Members for your support in our collective endeavours to achieve a better future for our children.

Thank you, Mr Speaker, may God bless us, our people and our students.

Debate (on motion by **Mr Peter O'Neill**) adjourned.

ADJOURNMENT

Motion (by **Mr Peter O'Neill**) agreed to –

That the Parliament do now adjourn.

The Parliament adjourned at 3.55 p.m..