

SECOND DAY

DRAFT HANSARD

Wednesday 11 September 2013

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SECOND DAY

Wednesday 11 September 2013

The Speaker (**Mr Theo Zurenuoc**) took the Chair at 10:30 a.m.

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

Sitting suspended.

The Speaker again took the Chair at 10.45 a.m., and invited the Member for Abau, **Dr Puka Temu** to say Prayers:

‘Gau iboudiai ikaradia diravana e, oi na tannobada idoinai lohiana bona ina tano lohiana danu. Emal tano, emal taunimanima, emal Parliament na oi emu. Ai emal Parliament memba mai iboumaiai ba durumai, bena emal gaukara baia karaia mai momokanimai bona mai maoromaoro mai ida. Emal ura hereana be, emal taunimanima iboudiai edia namo baia laloda bada. Hari dinai, emal lalohadai ba hakaudia bona emal gwauisi ba hanamodia, bena oiemu lalohadai hereadaena ai emal lalokau tanona emal anidia do bae vara ai imamai ai’.

STATEMENT BY THE SPEAKER – DEATHS OF FORMER MEMBERS

Mr SPEAKER – Honourable Members, I have to inform the Parliament of the deaths of the two former Members of Parliament.

Firstly, Mr Jim Yer Waim, on the 25 of April 2013. He was a former Member for Kerowaghi Open Electorate in the fourth National Parliament from 1987 – 1992. He was appointed Minister for Environment and Conservation from 1988 – 1991.

Secondly, Mr Sam Tulo, on the 6 of May 2013. He was a former Member for North Bougainville Electorate, in the second National Parliament from 1977 – 1982. He was appointed Assistant Speaker and a Member of the Subordinate Legislation Committee from 1977 – 1980. He was also appointed Minister for Education from 1980 – 1982 and was re-

elected to the third National Parliament from 1982 – 1987. He was appointed Minister for Education in 1985.

As a mark of respect to the memory of the late gentlemen, I invite all honorable Members to rise in their places.

All honorable Members present stood in their places in silence, as a mark of respect to the memory of the late gentlemen.

QUESTIONS

Mr SAM BASIL – Thank you, I direct my question to the Prime Minister and I am sure that he is already aware of the situation.

Mr Speaker, late yesterday afternoon there was an unfortunate incident that occurred involving trekkers in my district trekking the Black Cat Track. The trekkers and their local porters were attacked.

02/02

So far, two porters have been killed and 12 have been injured. Five of them have been airlifted to Lae this morning while the other five are yet to be airlifted to Lae this morning. And the nine trekkers, who are tourists, were injured and will be flown out of Bulolo to Port Moresby today at lunch time. I as Member responsible for the electorate where they were injured will pay them a visit to comfort them before they go.

Mr Speaker, three of the people who attacked the trackers were believed to be escapees from the Wau Police Cell accompanied by locals from the area.

Mr Speaker, before I ask the questions I thank the Prime Minister because as soon as he was alerted yesterday, we saw a Police helicopter going there this morning. It is helping the local police from Wau to carry out the apprehending of the culprits.

Mr Speaker, the people in Wau want the older Police Personnel in Wau to be replaced because some of the people who attacked the trekkers are escapees and are known to the Police in Wau.

At times, it has been very hard to apprehend these criminals because they have a relationship with the Police. We have a new Police Barracks in Wau and we do need new Police Personnel in Wau.

Can the Police Helicopter be kept in Wau for at least a week because those people must be apprehended fully so that such incidents cannot occur again in my area because the

Black Cat incident will affect other tourism sites in Papua New Guinea? An example is the Australian Government's issuance of a ban on traveling into Papua New Guinea since the incident happened last night.

Mr Speaker those attackers, if apprehended, can they be trialed under the Death Penalty Law because they killed two people.

Mr Speaker, can the Government also work with the Tourism Promotion Authority and I believe that the head of the TPA will issue a separate statement. So I appeal to our media that those statements that comes out about such incidents really destroy our country. Let's all be responsible to make sure that we allow the TPA boss to make a very responsible statement so that we protect our sites for the future and restore confidence back to the people in those sites and also help our tourism industry.

Can the Government assist the TPA to provide extra security and also help the Police Force to address the law and order situation in our country?

Mr PETER O'NIELL – Thank you, Mr Speaker, and I thank the Honourable Member for Wau-Bulolo for these questions on the incident that happened yesterday on the Track.

Mr Speaker, I want to also thank the honourable Member for alerting the authorities and I about this incident. In doing so, we have been able to mobilize quickly and we have been able to communicate through the Police hierarchy and those who were on the ground. Some of them were not aware of the incident taking place so the communication has helped us to attend to it in a timely manner.

This morning, a Police helicopter was dispatched and it has arrived at the location and those who were seriously injured were transported to Angau Hospital for further medical treatment.

Mr Speaker, I regret that these incidences are happening far too frequently and these are perpetrated by citizens who are obviously criminals and their behaviour is totally unacceptable to our way of living in our societies where many of our communities are very law abiding citizens.

Mr Speaker, many of these criminals are on drugs or alcohol and off course, they continue to wreak havoc in many parts of the country and it is important that the community work with the Police and us to try and apprehend these people as quickly as possible.

In terms of this particular incident, I have already directed the Commissioner the of Police to dispatch a Mobile Unit into the area immediately to take control of policing, not

only in the affected area but also in the greater Wau area so that law and order is restored in an area where breakouts from cells and prisons are occurring at will.

I thank the Member very much and we will work with him in making sure that this matter is attended to in a timely manner.

03/02

I agree with the Member's suggestion to upgrade the security arrangement for many of our tourists. In fact, I am looking at the security system as well and try to arrange a security system like the system in Bali, where they have tourists' Police.

Mr Speaker, tourism is a big revenue earner for the country and we have the biggest tourist potential anywhere in the world, but because of incidents like this, it is not really allowing us to fully utilise the value of that industry.

Therefore, we are planning to work closely with the Tourism Promotion Authority with the concept of tourist policing, so when the trekkers are going out, the policemen and women can accompany them to their destinations and back. Police can also survey the areas to track the people who are moving into the destination before the tourist tracking and patrolling areas. I thank the Member for Bulolo to make a quick move to alerting this matter to us.

Mr TOBIAS KULANG – Mr Speaker, I direct a question to the Prime Minister relating to a similar situation which occurred on 23rd August, 2013. We lost one of our brothers and a leader. It appears in a initial Police Report that did not justify how a human being can lose life just like that.

Mr Speaker, to date, we are still waiting for a meaningful and conclusive Police Report to us so that we are satisfied with the cause of the death and we can provide him our last respects.

(1) Why didn't you mention the name of our late leader who died in your statement? His death is almost three weeks gone and we have not seen a notice of condolence message from your Office, the Officer of the Speaker and the Parliamentary Services and today it is avoided in the Notice Paper.

It appears that the Central Police did not conduct a thorough investigation into the death of our former leader. I am aware that the investigation proper will commence after 16 days. My second question is in relation to the investigation team of the Central Police.

(2) Can the Prime Minister and the Acting Minister for Police conduct an

investigation into the conduct of the Central Police Investigation Division, which appears that some of their conducts were highly suspicious?

In the editorial section of the *Post-Courier* today, some articles appeared today expressed that the people of Kundiawa-Gembogl do not respect law and order.

(3) Can the Prime Minister tell the people of Simbu and Kundiawa-Kembogl when will the Police Investigation Report of the death of our leader be completed and revealed? We want our minds to be cleared of the doubts of the death of our leader and brother before we can take the body home and pay our last respects.

Mr PETER O'NEILL – Mr Speaker, I thank the Member for his question but it is a sin of a kind of a very irresponsible question and abusing of Parliamentary Privilege, especially to suggest that our Offices have not expressed sympathy in this particular matter. I think the Member has been out of the city or out somewhere for too long so he did not know what was happening.

Mr TOBIAS KULANG –Point of Order! I have been in the city and I think this is really a very misleading statement from the Prime Minister.

Mr SPEAKER – Honourable Member, your Point of Order is out of order. Please resume your seat.

Mr PETER O'NEILL – Mr Speaker, we know that this is an emotional incident that has happened to the families and to the people of Kundiawa-Gembogl and also the whole of Simbu. We appreciate the emotions that are running because of that incident and we sympathised with the people when we attended the 'Haus Krai'.

04/02

We have gone and sat down with the family and expressed our sympathy and that is all we can do. We have done so following our traditional responsibilities and so forth. Therefore, I do not need the Member to lecture me on what I should do and not do and to try and politicise this matter when we know that emotions are very high. This is very irresponsible

Mr Speaker, I would like to say this, the Police are carrying out the investigation and in fact, the Police investigation is headed by Deputy Police Commissioner Simon Kauba. Also, the lead investigator is the Assistant Police Commissioner.

A suspect has been arrested so far and we understand that the other suspect and main witness has been taken away to Kupiano by a policeman who is also now treated as a suspect. He has been called in by the Police; therefore, we should let the Police do their work. Furthermore, we do not need this kind of lecturing when people are emotionally touched by this death because we will come to the bottom of it.

There are a lot of stories going around and names floating around about people involved in this untimely murder. Therefore, we will get to the bottom of it, and that I can reassure this Parliament.

I would also like to say this to the people of Kundiawa-Gembogl, and that is, let us respect the leader and his death as untimely and an unfortunate incident. It has happened and we will do everything possible to try and bring the culprits to justice.

Mr Speaker, I have every confidence in the two Senior Police Officers in the country who are heading the investigation that they will come to the bottom of this matter. Also, I will of course make the investigation public as soon as I receive the Report from them.

Thank you, Mr Speaker.

Mr SPEAKER – Honourable Members, just to elaborate a bit more on that matter. In relation to the death of the former Member, I have a number of them, Member for Kundiawa and Parliament will be paying respect to each one of them as we go along this week.

Mr WERA MORI – Thank you, Mr Speaker, for recognising the people of Chuave. My question is directed to the Minister for Works. In order to ask my questions, firstly, I must commend the O’Neill-Dion Government for spending money on public infrastructure, which is long overdue by any Government so far. Therefore, I commend the Government for the South Pacific Games and the rehabilitation of our roads both in the cities and along our National Highways.

Can the Minister indicate when are we going to invoke the law pertaining to the protection of the *Public Infrastructure Act*?

This is so that we remove people who are squatting within the 40 metre corridor along the highways. These squatters form illegal landowner associations that demand excessive compensation from the State. It is a big problem for this country.

Mr Speaker, my simple question is, when can we invoke this law and remove these people who are knowingly and illegally squatting within the 40 metre corridor to defraud the State?

Mr FRANCIS AWESA – I would like to thank the Member for Chuave, Honourable Wera Mori for his important question.

Firstly, there is a law that was recently passed in 2010 and that is the law that was mentioned by the Honourable Member. This law is called the *Roads Infrastructure Protection Act 2010*. Under that law, the penalties are 5 years imprisonment and K100, 000 fine. With that, I would like to inform Parliament and the people of Papua New Guinea that this law has not been implemented and no one has been charged to date.

Therefore, it is now our intention to start arresting people under that *Act* because it is in the public's interest to do so.

05/02

I want to further inform the Member and the Parliament that I have discussed the issue with the Police Commissioner and we intend to have a meeting for all Police Commanders in the Highlands Region for a start. We will start making everybody aware that the Police need to charge people. Otherwise, the situation will get out of control where people are holding the Government to ransom. It is already a big issue in the Highlands and other regions are following suit. It's very embarrassing when the Government is concerned about infrastructure in the country. We are starting to focus very heavily on road infrastructure, airports and sea ports. We need to make sure that some of these people are arrested and dealt with by the courts and if there are some issues that come out the court decisions, meaning that people might say that it's a breach of constitutional rights then we will have to address that problem in Parliament again.

Secondly, I want to inform Parliament that before the end of the year, there will be a very big awareness and gathering for all the Members of Parliament from the Highlands Region. I will be writing to every Governor and Members of Parliament from the Region to attend the big gathering, hopefully in Mount Hagen. The dates and times will be advised to all forty one Members. We intend to ask everyone to sign a pledge that they will not allow people to build houses, trade stores and plant crops along the Highway corridors. It's a very big problem when people are planting coffee trees and food crops in drains along the Highway when we were trying to address the issue of rebuilding the Highlands Highway, so

the Governors and Members of Parliament, I ask that we will have to address this problem very seriously.

The other thing that we have done is produce brochures to make people aware. As I have said recently, in answer to some of the questions raised in Parliament, people are already lucky if they are living along the Highway corridors but if they try to come up with schemes to make more money from the Government, I think it's a serious problem, otherwise there won't be any roads in the end. We have to address this problem as soon as possible.

Some of the claims by these so called landowner associations have been paid large sums of money already especially in the Chimbu Province where K54 million has been paid. Some claims are still outstanding while some of them have come for a second or third serve. I don't know where we will stop but I think the Government in its wisdom came up with a law which they recently passed in 2011. I want to ask the Police to start charging people because so far the law is there but nobody has been charged. People are taking advantage of that and I think it is proper for us to address this problem by having some people charged.

06/02

In relation to other things like the awareness program, we are trying to address this issue through the radio stations in each province. I think it is about time we tell the people that they should stop asking the Government to pay compensation for building the roads. We know everybody wants roads through their villages. I think we are really facing attitude problem so we need to address that.

Mr Speaker, I thank the Honourable Member for raising this important question because it is affecting all of us. I urge everyone to take ownership of this issue and stop this nonsense once and for all so in time you will receive notices. This is a problem created by our people up there.

Supplementary Question

Mr JOE JOIM KOMUN – My question is directed to the Works Minister and Minister for Defence. I think we have a Defence Force which is currently not doing anything so can we employ them on the Highlands Highway and get rid of those people who are encroaching on the highway?

Mr FRANCIS AWESA – I think I have answered that question before. The Defence Force Engineering Battalion has an on-going MOA with the Works Department. We are involved in some of the bridge construction from Hela Province to Southern Highlands. There are 31 bridges under construction. We are also involved in rehabilitation along Mendi to Kandep Road and Laiagam to Porgera Road.

We intend to use the same agreements to have the engineering battalion involved in the Highlands Highway's construction. Because of the same problem of compensation demands, the demand can be minimized when we have the Police and Army with our constructors. This is working very well and the Defence Minister and I would like to extend that further.

This concept also provides training and experience sharing that can be shared between the constructors and the engineers. I would like to inform Parliament that this is the first time we are using the Defence Force Engineering Unit. We called them engineers in the past but we never provided any funding for them. We have never given them meaningful support but it is the intention of the O'Neill/Dion Government to have them actively participate in our infrastructure development.

In relation to the compensation claims that have compounded the construction of the new roads and the maintenance of the existing roads and highways, the Government is seriously looking at providing alternative routes.

07/02

Where there are serious problems with compensation claims we will have to find alternative routes. For instance, Gulf, Southern Highlands, Hagen, Jimi route, Madang and Wapenamanda.

If there are problems along the major highways we have to provide alternative routes. That is one major consolation underway for our people.

Mr HAVILA KAVO – Mr Speaker, my friendly questions are directed to the Minister for Public Enterprises and I would like to ask the Prime Minister to take note.

I would like to thank the Government for seriously looking into improving the energy supply to the needs of our people in the country with its decision to allow PNG Power to engage a contractor to put up gas fired power plants in the country.

I believe that contract was awarded three or four months ago and my questions are as follows;

(1) When does this company start and what are the kind of benefits that will trickle down to our people?

Mr Speaker, secondly it is about the agreement that the NEC made regarding the Purari Hydro and I believe the Minister is very busy trying to get that project off the ground.

(2) Can the Minister explain to the people of Gulf and maybe Chimbu and the Eastern Highlands where the source of the water is coming from, on how the Ministry is going about to get this programme up and running?

Mr BEN MICAH – Mr Speaker, I thank the the Governor for Gulf for his very important questions. Let me start with answering the issues relating to the Purari Hydro Project.

Mr Speaker, this is the project which I believe that will change the country. Every country that has transformed itself from a developing country to a developed country have been because of cheap and abundant source of energy.

This project was identified in 1956, by the British and the Australians, that the river system there is capable of producing very large power source.

Mr Speaker, I am very happy to announce that during the term of the O’Neill/Namah Government a contract was awarded to a company called EDL which is a partnership between Oregon of Australia and the PNG Sustainable Development to conclude feasibility studies that have been subsequently down between 1956 and up to the 70’s under previous Governments and by different companies to look at the viability of this power project.

Mr Speaker, we only have a few issues that have arose and it is encouraging the Governor has raised some of them.

On the issue of ownership of the river system or where the power generation system plant is located the Ministerial Economic Committee deliberated and recommended to the NEC to review that earlier decision that was made to award that ownership to the Joint Venture.

The NEC decision is to set up a special purpose vehicle so that the Government can take ownership of this very large project.

08/02

According to the current feasibility studies it can produce up to 10 000 megawatts of power. This will be the largest hydro power project in the Southern Hemisphere and it will be one of the top five largest hydro power projects in the world. So we feel that not one small

company can do it. This is a project that will be done by the State together with very large companies around the world. At the same time the cabinet has decided that all the upstream provinces like Eastern Highlands, Chimbu, Jiwaka, Western Highlands and Southern Highlands where the rivers originate from must also be part owners of this project together with Gulf Provincial Government and the landowners of Wabo and Purari River System. This project can become a model for Papua New Guineans owning a very large project that also has the capability to export power to Australia and Indonesia.

Secondly, under the leadership of the Prime Minister, Mr Peter O'Neill, it has also been decided that first priority of power supply must meet the domestic and industrial requirements of PNG. It is projected that power generated from the dam will cost about US3 cents per kilowatt an hour and this makes it very cheap power. Therefore, many international companies from Australia, China or Indonesia and et cetera can come and invest here. It will be like how a mother bird gets attracted to the nest and come and lay its eggs here in PNG. So I believe PNG through the provision of cheap energy can transform into an industrialized country and move into a developed nation state.

So Governor, your province is going to be the home of this project which I believe will be a game changer for our country. Cabinet has approved it and all upstream provinces, Gulf Provincial Government and the State will partner together to own the asset and then partner with international companies to develop this project. So I will report back to the Cabinet on the current status and arrangement that are going on how we can arrange EDL and progress on in this project.

On the second question, yes, PNG Power now has advertised in the media and it has selected a company called Energy World, which is a successful company providing gas powered power generation in Indonesia. I personally visited some of the operations in South Sulawesi and witnessed how they generate mobile gas plants. It's a small mobile gas plants where they transport gas in containers and ships that are able to bring gas power to all remote communities. We have selected this company and gave license to set up an Independent Power Purchase Agreement Project (IPPGP) in Port Moresby.

I am proud to announce that the process is near completion and needs little bit of tidiness. And then the Agreement will be signed for us to have the first gas fired power generation plant that will produce about 80 megawatts of power to the city of Port Moresby.

Mr GISUWAT SINIWAN – Mr Speaker, I want to direct my questions to the Minister for Agriculture and Livestock, Honorable Tommy Tomscoll.

My questions are:

(1) Why wasn't a permanent appointment for the Managing Director for National Development Bank made since you took office a year ago?

(2) Can you explain why there has been a long delay in the appointment of a permanent Secretary for the Department of Agriculture and Livestock?

09/02

By a prominent lawyer, Mr Nemo Yalo and his investigation team which highlighted that the Agriculture Department, in 2012, under the current Acting Secretary has an illegal appropriation of K52.8 million which is a serious matter and has to be dealt with.

In light of that, Mr Speaker, is the Agriculture Minister aware of that?

Can the Agriculture Minister explain to this Parliament and the people of this nation why he terminated this lawful investigation put in place by the Chief Secretary to Government under the Prime Minister and National Executive Council Act of 2002.

Mr TOMMY TOMSCOLL – Thank you, Mr Speaker. I thank the Member for raising the questions.

There were three questions so I will answer them as they fall. The first relates to the appointment of the Managing Director for the National Development Bank.

I am aware and I suppose everyone is aware that the position has been vacant for some time, close to a year. And let me also set it out from the outset that the National Development Bank does not fall under the *Regulatory Statutory Act of 2012*, therefore, the appointment process differs from the normal process of appointment that relates to many of our statutory organizations and corporations.

That has come about as a result of the fact that the National Development Bank was not gazetted under the schedules of the *RSA Act*. Therefore the appointment of the Managing Director of the National Development Bank will have to follow the *National Development Bank Act of 2004*.

It requires that when the position falls vacant, the Board of Directors will meet and will then advertise the position. That has occurred and the position was advertised and advertisements closed on 29 August which was 12 days ago.

So the process is taking its own course. I am not empowered to tamper with the process until it is completed and the recommendations are placed before me to take to Cabinet for the National Executive Council to take a decision.

The National Executive Council will either appoint a permanent managing director or the NEC has a choice to reject the nominees, appoint an acting managing director to continue and re-advertise the position.

That is the prerogative of NEC and I will leave that decision to the National Executive Council to make. That is the answer to question number one.

Question number two relates to the appointment of the Secretary to the Department of Agriculture and Livestock. In a layman's explanation I will take you through without trying to take you through the legal issues relating to this particular case because it is a case that is before the National Court at Waigani. So I will try not to pre-empt the decision of the Court or else I would be held in contempt.

But, like I said from the outset, I think I owe it to the Members and the public to explain on this particular position which is a very important position because this is the position of a very important department of National Government.

The position fell vacant in about 2011 and the National Executive Council then appointed Mr Vele Pat as Acting Secretary for the Department of Agriculture replacing the former, Mr Anton Benjamin.

10/02

Mr Vele Pat acted until at a later meeting of the NEC when the Minister for Public Services brought a submission to appoint a permanent Secretary to the Department at that time, the NEC considered that it was proper that it rejected the nominees and appointed Mr Vele Kagenas as acting Secretary while the decision was to be readvertised.

While the process was taking place, the acting incumbent Mr Vele Pat obtained a Court injunction to stop the process from proceeding and to allow him in the meantime to occupy the Office of the Secretary. He continued to occupy the Office of the Secretary under the order of the National Court.

I also want to make it clear that whether Mr Vele Pat or Mr Vele Kagenas was here today, the Department continues to operate. This does not pose any incumbents to the operations of the Department.

The case is before the National Court until the Court makes the decision. In fact, the arguments have been put and concluded and we are awaiting the decision of the National Court. Once the decision is delivered, we will then proceed with the outcome of the decision, whether it is correct or incorrect.

On question of the investigation team that was passed by the Chief Secretary under the Prime Minister and National Executive Council Act, the Chief Secretary has the power to appoint an investigation team to investigate allegations. The Chief Secretary at that time when the allegations were raised appointed an external team to investigate the Department.

The preliminary investigation concluded that there was an overexpenditure of K52.8 million and I am aware of the report. A copy of the report was given to me and then, thereafter they were to proceed into a full investigation at that time, the Department of Finance also authorised another investigation to be carried out by Auditors jointly so that that team was also in the Department investigating.

Therefore, not having the power to terminate the team appointed by the Chief Secretary, I wrote to the Chief Secretary for him to terminate that external team and to allow the Auditors from the Department of Finance and the Auditor-General's office to carry out normal government audit activities. I also considered the cost of continuing the investigation because the Department of Agriculture does not have that kind of money to pay for the services of an external audit team.

Mr Speaker, on those grounds I terminated the external team. I considered the fact that a government audited team should be allowed to audit rather than an external audit team because that is the function vested in the auditors in the Department of Finance and the Auditor-General's office. Therefore, this team of Nemo Yalo and two others were terminated.

While I want to assure the Members, the Parliament and the public that the auditors are in the Department carrying out the audits and once they have completed their audits, they will report back to me and I shall report back to the NEC.

11/02

Mr ISAAC WAIGAVARA – I rise to direct my question to the Minister Sports, Honourable Justin Tkachenko.

Previously on this Floor of Parliament there was a question raised regarding if spaces were found to be limited in NCD, then alternatively Lae and Goroka should accommodate the Games. It is already a speculative issue now and the provinces of Eastern Highlands and Morobe would be more than happy to accommodate the Games.

Can the Minister tell the people of Eastern Highlands and Morobe, and as well as the nation whether or not there will be some Games held in either of the provinces?

Thank you.

Mr JUSTIN TKATCHENKO – I would like to thank the Member for Okapa for his very important question.

Let us put it firstly to the fact that the South Pacific Games will be hosted in the wonderful city of Port Moresby. This was done before I became the Minister and before this Government took over. As the leading Government of this country it was decided overseas that Port Moresby on behalf of the country as the nation's capital will host the south Pacific Games for 2015.

Nevertheless, that does not stop some events going to other provinces for instance like Lae, Goroka and Kokopo. Due to the fact that the PNG Sports Institute and some of the big facilities are also available in Goroka, Lae and Kokopo, we plan to have some of the practice matches with some of our Pacific teams going to those provinces, but all the major games and events will played and competed in Port Moresby.

At the moment, we are currently redeveloping the PNG Institute of Sport in Goroka by investing into a new gymnasium and infrastructure. There are also 129 rooms available at the PNG Institute of Sports and if clubs, provinces or sporting codes would like to utilise them then they are free to do so with permission from the Sports Foundation. It is a high altitude learning facility and will assist our athletes greatly for the coming 2015 games.

Therefore, almost 95 per cent of all games and competitions will be conducted in Port Moresby our capital city. Also regarding this matter, I would like to congratulate our high performing gold medalists, silver medalists and bronze medalists in Wallis Futuna. They are making our country proud and if this anything to look at, just wait for the South Pacific Games for we are going to wipe them all out and it is going to be gold medals all the way. So, congratulations to all those athletes in Wallis Futuna making PNG very proud.

PAPERS

The following Papers were presented pursuant to statute:

Public Accounts of Papua New Guinea, Part I, 2010, Report.

The Control of an on Transaction with or Concerning Public Monies and Properties of Papua New Guinea, Part III, 2010, Report.

Judges Report, 2009-2010.

12/02

**INTER-GOVERNMENT RELATIONS ANNUAL
PERFORMANCE REPORTS, 2008 & 2009 – PAPERS
AND STATEMENT – MOTION TO TAKE NOTE OF PAPERS**

Mr LEO DION (East New Britain - Minister and for Inter-Government Relations) –
Thank you Mr Speaker, pursuant to Statute, I present the Report of the Provincial
Government Annual Performance For the Years 2008 and 2009.

I ask leave of Parliament to make a statement in relation to the reports.

Leave granted.

Mr Speaker, I rise to table the Provincial Governments Annual Report for 2008 and
2009.

Mr Speaker, in March 2009, the Minister for Inter-Government Relations tabled an
Annual Performance Report of 15 Provincial Governments for 2006 on this floor of
Parliament. It was the first time such reports were presented in Parliament, since *the Organic
Law on Provincial and Local Level Governments* was reviewed in 1995.

In May 2011, the Annual Performance Reports for 17 Provincial Governments for
2007 were tabled by the Minister in this Parliament and this was the second time *Section 119*
Reports were tabled in this Parliament. At that time, the Minister affirmed his commitment to
maintain this all important accountability framework. He also maintained that this trend will
also continue for the subsequent years.

Mr Speaker, today I am pleased to deliver on my Department's commitment. It is my
pleasure now to table the Reports of 17 Provincial Governments for 2008 and 18 Provincial
Government's Reports for 2009. This will be the first time that *Section 119* Reports for the
two consecutive years to be tabled in this Parliament. It is also the first time all provincial
governments submitted their 2009 reports in compliance with this section of the *organic law
on Provincial and local Level Governments*. The 2008 Performance Report for the Southern
Highlands Provincial Government is not included because the Report was included here due
to the State of Emergency (SOE) at that time. The National Capital District and the
Autonomous Bougainville Government are not covered by *Section 119* requirement.

Mr Speaker, I am also pleased to present for the third time two consolidated summary
reports for 2008 and 2009 prepared by the Department of Provincial and Local Level

Government Affairs based on the information contained in the report submitted by the provincial governments. This is done to assist the Honourable Members of this Parliament to better understand the comparative performance of service delivery by provincial governments during these two years.

Mr Speaker, let me give this Parliament an overview of *Section 119* reporting and the performance of Provincial Governments in 2008 and 2009. *Section 119* of the *Organic Law on Provincial and Local Level Governments* in the sense requires that, each provincial government submit by the 30 June of each year to the Minister responsible for Provincial and Local Level Governments report for the previous year on the affairs of the provincial and local level government in the province. The Minister will then table a copy of this report in Parliament by the 30 December of the year it is furnished to him. This is a mandatory requirement that must be adhered to by all Provincial Governments. It is also an important accountability report aimed at informing this Parliament of what services communities receive from the public funds spent by the provincial governments annually.

My Department has developed mechanisms to assist provinces improve this accountability report. Improved standard reporting templates were developed and used by the provincial governments since 2007 to report on their performance in six key sectors. These are Governance and Public Administration, Health, Education, Transports and Works, Agriculture and Law and Justice. An Excel based management tool was also developed and rolled out to the provinces since 2010 to further assist provincial governments improve quality of data on trainings.

13/02

But the actual training did not cover the significant number of population. The proportion of the population that attended the extension services conducted by many provincial governments and Commodity Boards in both 2008 and 2009 were less than one per cent.

The Law and Justice Village Courts, Mr Speaker, Provincial Governments are given the mandate to provide a range of basic services to the community accordingly. They are responsible for monitoring and operation of the Village Courts.

On average, Mr Speaker, 80 percent of each proclaimed village courts were operating in 2008 and 2009. This is good because the village courts play an important role in implementing an effective justice system in our country. However, I am concerned that the level of service delivery performance has constant variation every year. The number of

village courts audited and inspected by provincial governments was very low in both years given the increasing law and order issues in this country. This area needs to be addressed seriously to maintain peace in the communities.

Mr Speaker, more detailed information on the performance of individual provincial government is provided in the reports tabled here.

The way forward, Mr Speaker, the Government recognizes the service delivery at community levels need to be improved. The communities in general did not get full value for public funds spent by the provincial governments. The Government must also acknowledge that funding was not adequate to provide basic services to all in both fiscal years and also the previous years.

We have now acted on these impediments commencing in 2009 up to this year 2013. The National Budget includes recurrent funding for goods and services to most provinces as recommended by the Economic and Fiscal Commission.

In those recent years, enormous increase in budget funding for public programs for services delivery for infrastructure was appropriated by Parliament including a large supplementary budget. Many policy initiatives including the establishment of Provincial Health Authorizes are now in place to improve services delivery.

Mr Speaker, the O'Neill / Dion Government is therefore, firmly committed to deliver improvement services to our people. However, the real challenge is to translate this increased funding and the new policy initiative into tangible improvement in services at community levels.

This challenge now rests mainly with the provincial governments because they are responsible for the delivery of the bulk of the basic services to the communities. It is now up to the Members of this Parliament as their roles as the Members of the Provincial Assemblies, Members of the Joint Provincial Budget Priority Committees and some as Governors and Chairmen of Joint District Planning Budget Priority Committees to play an active and effective role in delivering improved service to our people.

As public service delivery is a shared responsibility between all levels of government as well including churches and other groups, we will need to work collaboratively to maximize the outcome to our people.

Mr Speaker, to conclude, let me summarise the key points. This is the third Provincial Performance Annual Reports to be tabled before the Parliament since the introduction of the *Organic Law on Provincial and Local Level Governments*. The report tabled here clearly indicates enormous scope for improvement in governance and ultimate service delivery.

Funding for Public Service has been increased enormously in recent years to partly address this situation. Now it is critical that all stakeholders including provincial governments adopt good governance to completely manage the resources and affairs and work collaboratively with each other. With the expected timely submission of *Section 119 Annual Performance Report* from all provincial governments in future years, Parliament will be able to make informed and timely decisions for effective service delivery. Only this will start our journey initially towards achieving *the Millennium Development Goals* in 2015 as part of Papua New Guinea's *Vision 2050*.

With those notes, I now commend this Report to the Parliament.

14/02

Mr JAMES MARABE (Tari Minister for Finance) – I move –

That the Parliament take note of the Paper.

Mr Speaker, I commend the Deputy Prime Minister and Minister for Inter Government Relations for presenting reports for 2008 – 2009.

Like many of the reports that we seem to be presenting on this Floor of Parliament they always come in a few years behind or a few years late.

Mr Speaker, I would like to make a statement in support whilst commending our esteemed Deputy Prime Minister for the report and the work that he is doing.

I would like to highlight the policy intention of the O'Neill/Dion Government on how we conduct our business henceforth.

Mr Speaker, a report that is coming in three or four years late in many instances belong to the archives and have no use for correction and remedial measures that we as a Government intend to take course.

Mr Speaker, the O'Neill/Dion Government will be making some legislative changes and I will be issuing from the Finance Departments perspective instructions on how we can update and conduct our reporting as far as Government Departments, Provincial Departments, Districts and Local Level Governments are concerned.

Mr Speaker, you would note *that Section 119 of the Organic Law on Provincial and Local Level Governments* explicitly requires every Provincial Governments to furnish it's reports on the 30 June the next year.

As they present their reports by the 30 of June every year likewise departments are concerned, they will have reported back to the Public through this Parliament and as they prepare and lobby for support in the next Budget.

The intention is correct and we have relaxed in a way we have been conducting business and I have had serious consultations with the Chief Secretary, the Treasury and Planning and Monitoring on how we could strengthen this course of ensuring that timely reports are furnished.

Mr Speaker, the focus of the O'Neill/Dion Government in provinces, districts and LLGs will remain next year and for the next medium term because that is where the bulk of our people are and we will allocate substantial resources to the districts to the provinces and down to the LLGs.

Mr Speaker, it is incumbent on the heads of these state agencies to report back to Parliament as to how they have disbursed the funds and how the funds are being implemented in the projects earmarked.

It will be made mandatory in compliance with provisions of the *Organic Law On Provincial and Local Level Governments*, in compliance with the *Public Finance (Management) Act*, which again is subsidiary to the *Organic Law* but it requires the reports to come in around the 31 March every year.

Similarly, performance reports by every provincial administrators and every departmental heads are expected by the requirements by the *Public Finance (Management) Act*.

Mr Speaker these are provisions in the law that are already in place. However, we have lagged behind in the manner of reporting.

Mr Speaker, using powers invested in me of the *Section 3 and 4* of the *Public Finance Management Act*, we will be making this call very soon as moneys are allocated to districts, LLGs and provinces, we expect the Administrators and various *Section 32* officers concerned to make it a business.

15/02

Mr Speaker, December, we shut down accounts and January everyone is on holidays and come back to work at the end of January and February accounts start to open. And I ask Finance, what do you do during close of accounts period.

As accountants and as administrators the key primary roles of these key leaders of our Public Service machinery should be now tiding reports to furnishing for the new in coming fiscal year as we come to life.

And so I make this call to this Parliament for every elected leaders to be mindful of these laws that is coming in place under O'Neill/Dion Government Reform in ensuring that greater scrutiny of funds are put in place for the year marked to bring life into our rural PNG, through the provincial government, district and LLG systems are correctly reported back to us in a timely manner. Departmental heads, I sound this warning that you have no reason to say, no, I can't furnish my report on time. If you cannot report, what other work are you doing? You are not just sitting there writing cheques to service providers. When writing cheques make sure that work is done and state it in the report. And so we would like to give an annual life disbursement of resources and reporting back on what has happened every year so that we don't come back three to four years later and report. By the time, it gets to Public Accounts Committee, then they say this Secretary or Provincial Administrator has already retired and you can't do much with that retired person anyways in the private domain already.

Mr Speaker, I make this statement in support of what the Deputy Prime Minister has made and I warn all stakeholders and leaders in this Parliament to take note that we will be very soon issuing circular instructions to get us all into this. It is specified by law and for us to know that this provision of law has been breached previously and we will be bringing them back on board. And for provincial administrators, district administrators including the treasuries and for departmental heads who don't furnish report on a timely manner will be deemed offences that can terminate your contract of employment.

Mr Speaker, the line of appropriation will continue and the taxpayers demand report on what money is going straight through the provinces and districts.

Like I said, this year K1.5 billion going through the provinces, districts and LLGs. Next year, most likely, without preempting what the Treasurer and Planning Minister is doing, the same trend of appropriation will continue because that is the focus of the O'Neill/Dion Government by the time we go back to Elections in 2017, all the Electorates would have received over K7.5 billion minimum straight to the provinces and districts.

Mr Speaker, if there is no urgency in reporting back to how these funds have been used, then this nation will loose track on what has happened. We, in Finance, we are tightening up there loopholes that currently exist and I ask every Member of Parliament to take note so that these instructions are complied with once it comes to life, thank you.

16/02

Sitting suspended for lunch.

17/02

Mr SAM BASIL(Bulolo) – Mr Speaker, before I continue my debate, I would like to congratulate the Minister for Inter-Government Relations for presenting the Reports of the Provincial Governments throughout the country.

Mr Speaker, I am happy that the Minister for Finance has realised and he has picked up some issues that this Parliament should pick up and make corrections to ensure that we have an effective Provincial Government system in the country.

This is my second term or six (6) years as Member for Wau-Bulolo now, yet, I feel that I cannot align my District with the Provincial Government system in my province. I know that if that is happening in my district, I am sure it is also happening in other districts throughout the country because it is very difficult in getting the provincial government to work hand in hand with us. But in the districts, because of the in-flush of money that we are getting now is more than what we have been getting in the last Government, it is very important to see these reports being presented in Parliament.

Mr Speaker, I am impressed with the Reports of 2008 and 2009 just tabled in Parliament. If I can have a run down through for Morobe Province, we have had four (4) administrators that were in the province serving the Morobe Province and only now that we are presenting the reports that are outlining their performances.

Mr Speaker, I believe these kind of reports should be done every year because we need those reports to take them back to the Provincial Assembly for debate while information is are fresh, so that, we can hold the Provincial Administration accountable on their conduct and performance.

Mr Speaker, the Provincial Supplies and Tenders Board, the Provincial Administrator's Office and his public servants, the Provincial Treasurer's office and his public servants' performance must be scrutinised. They play a very important role in the province because all the districts depend on those key people to make sure that the services delivery to the districts is flowing smoothly.

Mr Speaker, the Minister for Finance has highlighted some issues but I want to also raise a concern that if the Inter-Government Relations Office and the Minister can make sure

that they fast-track the reporting system of the provincial accounts to present to Parliament. In addition, they should also look at putting a criteria that provincial budgets must not be approved if and when until the provincial governments have provided a report of the year before for us to update our progress in the districts and the province as a whole.

These are some of the suggestions that I believe the Minister can pick up for this consideration to look at changing some laws and policies so that we can hold those officers accountable.

Mr Speaker, I want to also highlight something in the districts where we have a Health Department that the National Government has transferred the function to the Provincial Administration. In light of this, there are many issues, our population has grown and we need effective provincial government system ensure that we update the status of the health centres to take in doctors. Many districts have gone past 100 000 population and we need to have an effective delivery of drug system to meet the needs of this increasing population.

Mr Speaker, while I was in Lae a couple of weeks ago, I visited the drug store and was told that the National Government through the Health Department has contracted some companies to do the National Drug Distribution while the AusAID is doing another program and they are also pumping in those drugs that are banned to be delivered to the health centres.

I think that the provincial government should really take control of the drug delivery system. Furthermore, there should be effective medivac strategies that need to be put in place and we want to see these things happening in our districts.

Mr Speaker, in the Health Department in relation to our districts health centres we must see how many staff are actually working in the health centres. In my district health centre of Wau-Bulolo, we found that there were three (3) staff are on the payroll but are collecting pay in the provincial headquarters. I believe such things are happening behind doors and we need to know those types of reports quickly so we can address in the Provincial Assembly meeting.

18/02

Those are the things that we can pick out and stop from reports if updated.

Mr Speaker, regarding disasters, we need an effective Emergency Response Strategy from the Provincial Headquarters in times of disasters. This is because many a time my

Electorate and the surrounding Electorates of Morobe Province have witnessed a lot of disasters where it takes days for the province to respond to.

Mr Speaker, with Education, it is a similar story and I believe that the Department of Education is collecting data from schools, and I thank the Government for funding that initiative. Nevertheless, I am sure that we will not be surprised when the report comes back that we will find that there will be a lot of ghost schools existing. Apart from that, in my district there are teachers who are on the payroll who are not actually teaching and collecting pay in the provincial capital in Lae.

Mr Speaker, again, teachers leave during holidays but most teachers do not go on holidays but spend their time outside of the provincial headquarters to collect their pays. They do this until their two weeks is up and then they go on holiday and come back to the schools late. Those are the inefficiencies that we see in the provincial government system that needs to be scrutinised.

Mr Speaker, Works and Infrastructure Development is another difficulty because we are running parallel programmes against the Provincial Government system.

Mr Speaker, the Minister should take into account what the use of the Provincial Joint Budget Priority Committee. For the last 4 years, I as a Member of Morobe have not sat down in one Provincial Budget Priority Committee meetings, because now that the K5 million has been given to the provinces and with our K10 million we would like to see a joint effort in delivering services. We do not want to have different targets.

19/02

Mr Speaker, it is satisfactory and we should release funding for next year, that will make them run and put the reports together so together with those we can address those inefficiencies. Mr Speaker, thank you very much for allowing me this time to speak.

Mr GARRY JUFFA (Northern) - Thank you Mr Speaker. I would like to commend the report that was presented and also add to what the good Finance Minister and the Member for Bulolo have said. The problem that we are facing in the country as far as the Provincial Governments are concerned and perhaps the whole of government is the fact that the Public Service machinery that is expected to deliver the programs that will bring about the development of the country has broken down.

We have never updated or upgraded that machine since 1975. While the rest of the world have upgraded their machinery and are moving ahead, we are still pushing that 1975 rusty wheel burrow. Therefore we are victims of our own doing. Put any number of drivers in that machine, but if that machine has not been upgraded it will still move as it has for the last 38 years. Therefore, we need to upgrade this machine to be relevant to today's needs and to the changes that have occurred in our country, region and in the world to be able to look at the opportunities and the threats that is posed to Papua New Guinea and make decisions accordingly.

It is timely that we have the Public Service Review. We are trying our best to carry on the work that has been delegated to us but again we are becoming victims of that same broken down machine because we have not been given the necessary funding in the time that we would like. We appreciate the efforts that the Government is making but please Minister for Finance, can you look into it so that we can move and carry out this review as quickly as we can and upgrade this machinery.

It is very frustrating when you are a politician or a leader and you are expected to deliver services to bring about change in your province or your Electorate but your public servants are operating at their own will and whim. You can't even contact them sometimes. I have been trying to contact my Executive Management and they are constantly attending workshops and conferences and training courses. They never seem to be in their own province. But you cannot sack or reprimand them because there is this very cumbersome machinery is in place and if you want to go through that process it is almost an impossible task. We are faced with a situation where is very difficult to do the right thing in this country. It's quite easy to do the wrong thing though, you can just pick up a phone and there are number of corridor walkers with manilla folders and various dubious schemes, scam and projects agreements. They are around, you just have to call them and they will make things happen. They know the network and the system that is in place to get things done illegally.

In other countries, it is the other way around. If you want to do the right thing it's easy but it's impossible to do the wrong thing. In Papua New Guinea we've got it back to front. We have to review that situation and try finding solutions and rebuilding this broken down machinery. Every economy reviews its machinery in a minimum of two years. They don't go beyond that and we haven't reviewed ours for 30 years. That is the problem that we are facing. We have to corporatize the Public Service. It's important, everybody from tea boy up to CEO should be on a performance based contract and there should be very clear guidelines

as to how we can discipline, terminate, and how we can compel them to work and provide the services that is expected of them.

On the part of leaders we must also ensure that they are given the tools and logistics so that they can operate. There are some very good public servants in this machinery but they are also frustrated because they don't have the tools by which they can work. We expect them to dig a mountain and we have given them a rusty teaspoon and then we expect them to deliver miracles. But it's not happening and in between these situations our people are ignored so they go and survive on their own and if you try to go and change their mindset they will say, "Where have you been all this time?" You never visit us.

20/02

So that is the situation facing Papua New Guinea right now. Unless we repair this broken down machinery we are never going to move forward. We can bring in any number of drivers and passengers and have them in that machine but we cannot go forward.

We can have brilliant technicians with the best road maps but we will go nowhere. We will be going around in circles because we have not reviewed and modernized this machinery. So we have to look at it very carefully. Decentralization in my opinion is something that we will have to look at seriously. If all the provinces were run like corporate entities where the PEC became the Board, the citizens of each province were the shareholders, the Governors of each province were chairman and we have corporate values in place, including professional value with set high standards, we will make significant effort to meet those high standards.

The problem is that we set very old standards and struggle to meet those standards. You just go to any district office or State Owned Enterprise, you will be shocked that 80 per cent of the employees have no care attitudes. They wear slippers and chew betel-nut and even sell betel-nuts. Are they working there? you cannot tell. You will be shocked to hear that some of them even hold very high positions.

When you walk into an office at 7.45am you will find only 10 per cent of the workforce. These are loyal nationalists. Others will be wandering around until 10 o'clock to report to their respective tables. Others will walk in at 11.00 o'clock and proceed for lunch. So how do we hold them accountable? How do we ensure that they will deliver service? These are the questions that we must ask and we need to find solutions to these questions.

We need to put in place an audit regime that can work. As the Member for Bulolo pointed out that the controls have broken down. The audits are not being conducted but if they have been then, the reports are produced late.

I went through some Public Accounts Reports that were two to three years overdue. Many of the people referred are no longer here. Some of them have already passed away. So how are we going to hold them accountable? What is the point? It is a frustrating exercise to be in the Public Accounts Committee and at the same time not achieving anything.

We must also look at the functions of the Department of Personnel Management and the Public Service Commission. The Public Service Commission is becoming counter productive to everything we are doing. It is reinstating criminals who have been convicted of crimes are being reinstated by that Organisation.

The Department of Personnel Management is taking enormous amount of time to process work that needs to be done so that the people can be appointed or structures can be verified. The Department of Personnel Management should be replaced with a function where it has an audit role to travel around the country and audit the performance of Government Departments rather than processing the recruitment and appointment.

So these are some of the ideas and I am sure all of us have these ideas. I am sure every one of us sometimes go back home frustrated at the inefficiency of the public servants. But it is in our hands to change the Public Service machinery. So when the Review Team comes forward with its recommendations, when it consults with you, please I appeal to all the Members here to work with us and let us overhaul this machinery that can bring about development that our people expect and deserve.

21/02

Mr ATI WOBIRO (Western) – Mr Speaker, I would like to take a positive view. We have heard a Report of 2008-2009, which has talked about a lot of problems but very little on the positives. I think we need to take a positive approach.

Sometimes, we overlook the fact that there are some good things happening and most of the times we report on the bad things and in doing so, we discourage ourselves and there is no motivation.

Mr Speaker, let us see this Government as a new beginning for this country. In my Western Province that is the approach I am taking. I am learning from the mistakes of the past Governments and I am taking the challenge head on.

I want to challenge in particular my colleague Governors that this is the approach we must take. Yes, we will have problems but we must be positive. We cannot continue to talk about problems. We have to begin to find solutions. That is why the people voted us into this Honourable Parliament for us to find solutions not to criticize each other and mount up problem but together with our Open Members and administrations find a way forward.

Mr Speaker, let me thank the O'Neill/Dion Government for giving us the best possible chance to make a difference.

I am told that this is the first time that so much money has been given to the provinces at the provincial level, district and the LLG level. This has never happened in the past.

So maybe funding was one of the problems. But now positive changes have come and let's embrace the increase of funding in our provinces and as Governors let's do the right thing.

Mr Speaker, secondly, I am encouraged that the Government has changed the procurement processes, which again has put us in a better position to manage our funds at the provincial level.

We now have the opportunity to fund projects that are K5 million and below. In the past, we identified that procurement was one of the problems. Well the Government has taken necessary steps to change this and it is a positive sight.

Mr Speaker, the Provincial Governors have been empowered to appoint their Provincial Administrators and I have taken advantage of that provision made by the National Government. If we are going to seriously deal with our Public Service than we have to start with the provincial administrators. He is the one, who will be accountable. Of course, we have to hold somebody accountable. The laws are now in our favour so we should make use of them by appointing people who are going to work with us and fix the administration.

The Government is also encouraging Public Private Partnership(PPP). For those of us who have partners working in our provinces we are taking advantage. Yes, there are weaknesses in the Public Service and Public Sector. But we should look at other ways to try and bring about development we should make use of our development partners to work with them because they have the resources and expertise that our provincial administration may lack.

Mr Speaker, let me encourage all of us, particularly Governors to be positive. We have the opportunity to make a difference. I really believe that the ball is in our courts and if things don't improve that means we are not doing the right things as governors.

22/02

Mr WILLIAM POWI (Southern Highlands) – Thank you, Mr Speaker, I also want to contribute some important issues that I want to inform the people of PNG and of course, this Parliament on this much talked about second tier Provincial Government system that we have in this country. I see that the *Organic Law* is very clear, the Provincial Assembly is supposed to meet mandatory requirements four times a year. I have also seen and witnessed in my experience where the Open Members do not attend Provincial Assembly Meeting, yet operate their own agendas and try to hijack the process. We seriously need to check and do things correctly and ensure that the Joint District Budget Priority Committees function the way they are supposed to function as per the law.

The issue in this country is the parallel legislations and appointing authorities and the reporting system and accountability it requires. You have in one Government, the Public Finance systems running with its authority to report to Waigani, yet operate within your control in the province. You have the Public Service Management system running parallel to that and you have the *Organic Law* and other laws that also run in the same provincial government system.

In my view, the way to fix this country and the Government is taking the right approach; put the resources of this country back to where it matters and that is our districts and villages. We really don't need consultants from Australia to come and tell us about this, we all come from villages and know the state of affairs in our communities. If we had done this and wriggle down all the resources that we have to where it matters; by fixing electricity, banking system, fix roads and et cetera at the districts, then this country would have changed over the last 37 years.

My main point here is that we need to get up a Government Policy Direction called Funding Following Functions of Government. I want to let the Minister for Finance and the Deputy Prime Minister to know that this is not a new idea. That policy has been there many years and all we have to do is get a policy direction and give clarity on this because there are a lot of confusions in the functions of local level and provincial government levels and at the national level. Because some of these officers in Waigani are carrying out work of the local level government; in Education, Health and et cetera.

Mr Deputy Prime Minister, I urge you through this debate to get this out as a policy direction and so Members of Parliament and the people of this country are clear with what

levels of functions of Government that the Local Level and Provincial Government is responsible for. In that way, we will have a clear understanding of where funding following functions and we will fix a lot of misunderstood issues about governance in this country.

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

23/02

**PNG IMMIGRATION AND CITIZENSHIP AUTHORITY REPORT –
MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr RIMBINK PATO (Wapenamanda – Minister for Foreign Affairs and Immigration) - Mr Speaker, Today, I am pleased to table the first Annual Report of the PNG Immigration and Citizenship Authority Service Authority, the PNG ICSA for 2012 and to outline the key priority activities and areas of reform that are now taking place under my direction by the authority in 2013 and beyond.

Mr Speaker, before I do that, I should clear some confusion that possibly Members of this Honourable Parliament and the general public have over the status of the PNG Immigration and Citizenship Service Authority and the Department of Foreign Affairs and the Department of Labour and Industrial Relations over the issue of foreigners entering PNG for employment purposes.

The PNG Immigration and Citizenship Service Authority is a statutory body established by an *Act* of this Parliament and is no longer a Division of the Department of Foreign Affairs and Trade. The Authority is headed by the Chief Migration Officer while the Department of Foreign Affairs and Trade is headed by the Secretary.

The second issue I want to clear is that any foreigner entering this country for employment purposes does so only after a work permit is approved by the Foreign Employment Division of the Department of Labour and Industrial Relations. After a work permit is approved, the PNG ICSA then issues an entry permit for the foreigner to enter the country. PNG ICSA does not make decisions on which foreigners enter the country for employment purposes.

As Members of this Parliament would be aware, the PNG ICSA is responsible for administering areas of public policy that impact directly on PNG's economic and business

development, foreign and domestic investment, national security, social cohesion, as well as giving effect to important international obligations and to our rights as citizens of this country.

The PNGICSA administers the *Migration, Passport and Citizenship Acts*. It controls the entry and departure of PNG citizens and foreign nationals across our borders, issues entry permits and visas to eligible foreign nationals, take action to remove persons unlawfully entering into the country, issues passports to our citizens and supports the Citizenship Advisory Committee in the conferral of citizenship to eligible non-citizens. Under the *Immigration and Citizenship Services Authority Act* passed by the Parliament in 2010, the Authority is led by the Chief Immigration Officer. Members would be aware that in June 2012, Mr Mataio Rabura was confirmed as the Chief Migration Officer. Prior to that he headed the Authority in an acting capacity from November 2011.

Mr Speaker, in setting out the achievements of the Authority over the past year, I would like to recognize the leadership and management of the Chief Migration Officer and the hard work of his management and staff. The workload of the Authority has increased quite significantly over the past seven years. This is a reflection of the strong economic growth PNG has experienced in recent years which is resulting in more PNG nationals travelling overseas and more foreign nationals travelling to PNG.

In 2007, the number of people movements through Jacksons Airport was approximately 240 000. In 2012, half a million people that is PNG citizens and foreign nationals who passed through our Jacksons International Airport. The increase in the volume of movements has been matched and indeed been partly driven by a significant increase in the number of entry permits issued to foreign nationals seeking to enter PNG for business, tourism and most notably, work related purposes.

24/02

In 2012, the Authority processed 120 000 entry permit and visa applications. Five years ago, it was under half that number. It issued a total of 26 592 PNG ordinary, diplomatic and official passports. This was an increase of 36.7 per cent from previous years. A total of 9 foreigners were granted citizenship by the Minister for Foreign Affairs and Immigration.

The impact of recent large scale resourced projects, particularly the Liquefied National Gas project, has been marked as companies have moved to supplement skills

available and sourced through the local labour market with overseas skilled workers numbering around 50 000 working resident entry permits.

The ability of PNGICSA to manage these growing workloads is a reflection of the focus the Authority has placed over the past years on client service improvement and the need to process applications in an efficient and transparent manner. During 2012, additional dedicated data entry officers were recruited into the organisation and these staff have greatly assisted in meeting processing standards and targets.

Mr Speaker, more broadly, the Authority has worked hard in 2012 to improve the services it provides at PNG overseas missions and to expand its presence at PNG's land borders.

A key initiative has been the deployment of the Board Management System to PNG overseas missions. The Border Management System (commonly referred to as the ("BMS")) for information of Members of the Parliament is the Authority's Central Operations Management system which incorporates visa, movement and alerts processing functionality. It was initially implemented in 2005 and at that time, it was deployed to PNGICSA's Waigani Headquarters, Jackson's International Airport, and overseas missions in Canberra and Brisbane.

In 2009, substantial and necessary improvements and enhancements were made to the system functionality and in 2009 or early 2010 the system was deployed to Beijing, Manila, Kuala Lumpur and Sydney.

The enhanced BMS has substantially improved the visa services overseas missions can provide to clients. The system synchronises with PNGICSA's Waigani Headquarters and Jackson's Airport.

Mr Speaker, visa processed and approved by overseas posts are automatically linked to the arrivals movement system at Jackson's airport. Sponsor-based visas approved by Migrations staff in Waigani are automatically transferred through the BMS so Mission staff can quickly complete the necessary offshore visa process. Alerts can be posted on the system to ensure processing staff are aware of potential no-bona fide clients and take action accordingly.

Mr Speaker, in 2012 the BMS was been installed in Wellington, Suva, London, Brussels and Washington DC. The BMS has provided PNG ICSA with the capacity to meet its mandate in supporting key national development projects such as the LNG Project. The arrangements that were set up in close cooperation with ExxonMobil for the entry of skilled

workers – and which the Project has called world’s best practice – could not have been achieved without the processing of efficiencies that the BMS provided.

25/02

Mr Speaker, a key driver to the establishment of the PNGISCA as a statutory authority was a desire of the PNG Government to improve to improve its efficiency and effectiveness in managing and administering the immigration citizenship functions of government and improve service to PNG citizens.

Mr Speaker, central to this reform agenda process and in line with the Medium Term Development Plan, the PNGICSA plans to re-establish and expand PNG presence at border posts and open passport processing offices at key provincial locations, like what we have done at Tokua in East New Britain Province.

Mr Speaker, in terms of PNGICSA’s border presence following a number of scoping missions, the Authority has established and posted an officers to Vanimo and Wutung borders just last year. Mr Speaker, in terms of the Authority’s passport function, in the middle of 2012 PNGISCA conducted initial scoping mission to establish a passport issuing office in Lae and has also identified a potential location. This expansion is in line with the Government’s policy of bringing service closer to the people which will address a key need for increasing access by the public at large to a key national service.

Mr Speaker, it is hoped that this Office will commence operations by the second half of this year.

Mr Speaker, additionally, the Authority recently received direction from the government to establish an immigration clearance presence for international and charter flights into PNG out of Tokua airport as I have said, and the Authority is working to have that put in place and I believe it has done so already.

Mr Speaker, as Members of this Honorable Parliament would be aware; the Authority pays a very critical key role in identifying and removing those foreigners who seek to over stay in PNGF and do not abide by the conditions of their entry permits. In 2012, the O’Neill-Dion Government established a multi-agency taskforce comprising of immigration, customs, labour and police. They were to interdict and initiate removal action for persons found to be illegally in PNG or undertaking activities outside of their entry work permit conditions or in contravention of other PNG laws.

Mr Speaker, the Taskforce has been led by the authority and to date, has successfully located and removed a number of unlawful persons in our country and its operations will continue into the rest of this year and into 2014.

Mr Speaker, a total of 18 foreigners were removed from the country as a result of this Taskforce's operations. While 169 foreigners who overstayed their visas left the voluntarily during a 60 day moratorium imposed by the Authority and myself.

Mr Speaker, the highest number of over stayers came from the Philippines and the Peoples' Republic of China.

Mr Speaker, to better manage compliance and removal issues there has been a long standing need for multi-purpose transit facility to manage the orderly location and removal of persons unlawfully present within the PNG borders. A site on the eastern side of Jackson's International Airport has been identified as a possible location and negotiation with the National Airports Corporation are ongoing.

Mr Speaker, under bilateral arrangements with the Australian Department of Immigration and Citizenship Australian experts in transit and detention facility construction management are assisting the authority to prepare a concept plan for this facility to be built soon.

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I have tasked the Chief Immigration Officer with the establishing and operationalizing this facility later this year or next year. I will raise this matter when I meet the new Foreign Minister probably next week.

Mr Speaker, in 2012, the Authority also played a key role in supporting the PNG Government's commitment to work with the regional governments to address and combat the linked issues of irregular people movements, people smuggling and transnational crimes.

On the 23 August, the National Executive Council formally approved the request from the Government of Australia to establish a regional processing facility in Manus Province. The agreement supports the Bali Process outcomes in recognizing the need for States to work together to take practical action to provide a disincentive against irregular migration, people smuggling syndicates and transnational crime and to promote orderly migration humanitarian solutions to a global concern.

On 2 September 2012, I signed instruments to give effect to the arrangements under PNG law and on 8 September 2012, I co-signed a Memorandum of Understanding with the

Australian Government to establish the Manus Regional Processing Centre. A temporary center is now operational on the Lombrum Naval base. Transfers of asylum from Australia to the Centre have been taking place since 21 November 2012 and there are now approximately 600 persons accommodated there. Ill be explaining further when I deliver another statement to the Parliament later this week on the status on the processing centre, the exact number of people, how the centre is working and the benefits that are flawed on to PNG as a consequence of entering into this agreement with Australia.

Mr Speaker, after initial scoping work a site for the establishment of a permanent site has now been selected in Lorengau Town. Once final site surveys are complete the Title will be transferred to PNG ICSA for the duration of its use. Under a recently completed tender selection process the Australian Government has selected a company to be the Managing Contractor. Local PNG firms will be able to bid for all the subcontracting work related to the construction of the permanent centre. This sub-contract work will represent approximately 90 percent of the value of the project. It is my expectation that the majority of these sub-contracts will be awarded to local Papua New Guinean companies.

Consistent with our international obligations, asylum seekers claims at the Centre who do not pose any health or security risk to the community and country have been permitted leave the centre for tours to Lorengau town and other places of interest. This activity commenced on 24 January 2013 and is continuing.

The processing of asylum seeker claims will be done under PNG law. On 6 March 2013, NEC approved changes to the Migration Regulation which provide for Refugee Status Determination (RSD) processes in respect of persons transferred to PNG under the Manus Regional Processing Centre arrangements. The NEC also approved funding and an increase in PNG ICSA's staff establishment for the positions required to implement and administer regional processing arrangements. RSD guidelines have been developed, officers recruited, training is underway and RSD has already commenced.

Members of this Honourable Parliament would be aware that a number of concerns were raised by the Manus Provincial Government and the Landowners in relation to the establishment of the Centre around ensuring active participation of the Manus businesses and people in the establishment and ongoing operation of the facility.

27/02

Mr Speaker, we have addressed the concerns raised by landowners and the Provincial Government by negotiating with the Australian Government for service provider contracts to

be amended to specify minimum numbers of employees and suppliers that must be locally sourced.

Mr Speaker, in this regard, I am pleased to note that of the 306 personnel currently working at the temporary centre, 259 or 85 per cent are Papua New Guineans, including 170 Manusians.

Many more Manus businesses are benefiting indirectly through the provision of goods and services such as hire vehicles, hotel accommodation and equipment. This represents a very significant injection of income in to the Manus Province.

Concurrently, the PNG and Australian Governments agreed that Manus will receive additional development assistance for its support in hosting the asylum seeker facility. In consultation with the Manus Province, Joint Department of National Planning and AusAID Assessment Missions have identified and are now implementing projects to be funded under the Development Assistance package. The construction of infrastructure for 20 schools, selected by the Manus Provincial Administration, will commence in July. Medical equipment for Loregau Hospital is now being delivered, along with a water system for the dental clinic. A master plan for the hospital is also being developed to guide future work and assist the hospital over the term. The Provincial Government is currently scoping works for a joint Manus / AusAID project to renovate the Lorengau market. Finally, AusAID has also provided Manus Provincial Government with a report on road infrastructure priorities where further assistance could be considered including rehabilitating the Loniu and Netwok bridges; resealing the Momote-Lorengau road; and rehabilitating the roads around the town square.

Mr Speaker this year, and over the next three years, in line with the Government's directives and the Alotau Accord, the Authority will focus on three key priority areas of organizational reform and service delivery improvement, legislative and policy reform and travel facilitation.

In terms of organizational reform, the Authority is implementing decisions made on 5 December 2012 by the Salaries and Conditions Monitoring Committee for a revised organization, grade and salary structure, staff establishment, and allowance rates for PNG ICOSA staff.

The SCMC has approved the Authority moving to a 15 Grade Structure with remuneration levels more closely aligned with other Statutory Authorities in order to attract and retain key people. The new grade structure and salary levels will position the organization as an employer of choice, one that values staff who in turn are enthusiastic, productive, loyal and committed to achieving the goals and objectives of the Authority.

Mr Speaker, in terms of service delivery reform, as agreed in the *Alotau Accord* and subject to NEC endorsement, the Authority will establish a One Stop Shop arrangement by merging work permit with visa which will significantly reduce bureaucratic duplication and provide considerable savings for business and industry.

In addition to the offices in Wutung, Lae and Tokua, the Authority will also work to establish an immigration presence in Mt Hagen, Daru, Buin, and Gurney.

28/02

For our overseas missions, the network regional data centers will be established to support our border management systems with further deployment of systems to Jakarta, New Delhi, Tokyo, Seoul, Honiara, Cairns and Singapore.

Mr Speaker, in 2013, the Authority is reviewing its core Migration Passport and Citizenship legislation.

On the 8 November 2012 I announced the commencement of a review of the *PNG Migration Act*.

Mr Speaker, in doing, so I noted that while current legislation had served PNG well, it was outdated and not sufficiently comprehensive to meet the people movement challenges of the 21st century.

Introduction of biometric passports, online passport applications and mechanical passport processing are initiatives that will be explored and some of which are under implementation this year.

The Immigration system is more than a set of controls. It is a positive tool for development. As PNG embraces rapid economic development and taps its vast tourism potential, it is needed to ensure that the laws systems and processes governing the entry and stay of foreign nationals are as efficient and effective as we possibly can make it within a legal framework.

As well as facilitating National Development Migration law also provides the foundation for effective border control and for protecting the interest and welfare of the community.

Mr Speaker, these diverse interests must be kept in an appropriate balance.

Mr Speaker, the first phase of the review is now completed.

Included in the analysis of the current legislation gauge national needs and objectives will be a consultation with a broad range of stakeholders within the Government and the broader community.

Mr Speaker, under the *Immigration and Citizenship Authority Act*, a PNG ICSA advisory Board was established to oversee the operation of the organization and to provide policy advise to myself as the Minister for Foreign Affairs and the Authority.

In 2012, the inaugural meeting of the Advisory Board took place. It met in January 2013 and it was briefed on the legislation review process, which is underway.

Mr Speaker, in consultation with and with the guidance of the Advisory Board, the Authority will prepare a set of recommendations for me to consider and put to the National Executive Council. It is expected that the recommendations will be finalized in late 2013 and once endorsed by Cabinet, the Authority will commence the process of drafting the new sets of laws and I hope that the Members of this Honourable Parliament will happily support the reforms proposed.

Mr Speaker, the 2013 key priority areas that I have outlined above will be funded out of the 2013 Budget Appropriation through the Authority which amounts to K23 million. Around K18 million will be spent on organizational reforms and service delivery improvement activity. K2 million will be spent on legislative and policy reform and K2.6 million on travel facilitation. The balance around K400 000 will be spent on administration costs at the Manus Regional Processing Centre much of which are paid for by the Australian Government.

Mr Speaker, I am also very pleased that the NEC has agreed to pursue amendments to the *Constitution* to allow dual Citizenship and to remove any doubt regarding the legality of regional asylum seeker processing arrangements.

For many years, there has been strong support across the communities for our citizenship laws to be reviewed and revised to introduce dual Citizenship and to address the status of Melanesian refugees in particularly our brothers and sisters from across the border.

As Papua New Guinea has matured and its position as a nation has undergone change, its needs and circumstances have also changed.

29/02

Under the current provisions of the *Constitution*, PNG Nationals may hold dual citizenships until the age of 19. At that point in time, a PNG National must make a decision either to renounce the other citizenship or lose their PNG citizenship.

Mr Speaker, in this global society more Papua New Guineans are now travelling and living abroad in many parts of the world. If they marry a foreigner and have children, those children are forced to make a difficult choice. Similarly, some of the Papua New Guineans become eligible to obtain another country's citizenship and would like to enjoy the benefits it would provide. At present, both classes of people would lose their PNG citizenship, even though they would dearly love to keep both. This is discouraging and our country is losing out on the skills, energy and valuable contributions to our economy and society. Under the proposed amendments, dual citizens would not be permitted to vote, stand for public office, acquire freehold land or obtain access to sensitive documents under freedom of information. The countries which dual citizenship is permitted would be prescribed by regulation.

Mr Speaker, I am also pleased that the NEC has also endorsed a proposed amendment to *Section 42* of the *Constitution* to remove any doubts that may exist regarding PNG's ability to work with our neighbours to manage the regional issue of asylum seekers. The issues facing bordering countries are not just for these other countries; they are for PNG as well. The proposed amendment will recognize that, notwithstanding the constitutional safeguards around liberty of the person, foreign nationals may be held at the asylum seeker processing facilities in PNG under arrangements between PNG and other countries or international organizations.

I am very hopeful, Mr Speaker, that the Honourable Members will see the benefit to our nation and people in extending dual citizenship and supporting regional cooperation and pass these important amendments to our Constitution.

To address concern about the status of Melanesians residing for the last decade or so on our side of the PNG/Indonesia border, I will shortly announce processes such persons should pursue to be granted refugee status, a review of the citizenship application fees and related eligibility criteria to fast track processing of their citizenship application. The Chief Migration Officer will be consulting the UNHCR, Melanesian community and other interested persons when the review of the *Citizenship Act* commences, which will be in the second half of this year.

Mr Speaker, in terms of traveller facilitation along with managing the entry and stay of foreign nationals, I asked the Chief Migration Officer to lead negotiations with the Australian Government on streamlining visa requirements for PNG visitors and business

wishing to travel to Australia. On 7 November 2012, I jointly announced with the Australian Immigration Minister new arrangements to be implemented for PNG citizens visiting Australia. Under new arrangements recently introduced PNG nationals will be able to lodge applications electronically and receive streamlined processing. Electronic lodgment will also be able to occur through selected travel agents. These initiatives once implemented will significantly improve the access and speed at which PNG visitors will be able to obtain visas to Australia.

30/02

Mr Speaker, following on from these discussions I initiated with foreign counterpart Ministers at various international meetings in the second half of last year, I task the Authority with expanding reciprocal visa arrangements with a number of selected countries.

Such regional reciprocal arrangements will be of great benefit to Papua New Guinea, both in terms of facilitating business and investment opportunities for foreign businesses in PNG and for PNG citizens looking to travel and do business in those other countries.

Mr Speaker, the PNG Immigration and Citizenship Services Authority also collects fees for its services and so contributes to the National Consolidated Revenue collection.

In April, the Authority sought and obtained from the National Executive Council endorsement of revised Migration Service fees and penalties. The last reviews were done some 10 years ago. So as soon as the amended regulations are gazetted, I'll be making a media release informing the public of the changes and the financial consequences which will flow from those changes.

Mr Speaker, revenue collected by the PNG ICOSA was around K30 million and this figure will have increased significantly if the current upward application trends continued. With the NEC approval of the new rates the projected revenue collection will have increase substantially to around K50 million this year.

At the same time, the Government is determined to further facilitate tourism to PNG. Whilst a number of migration fees will rise the fee for tourist visas have been removed so that we will allow more and more people to visit our country.

As agreed to under the *PNG Immigration Citizenship Statutory Act*, the Authority will retain K50 per cent of the K50 million it receives this year for its operations.

So, to conclude, Mr Speaker, I trust that the above information provides a useful outline for Members of this honourable Parliament on the very key reforms that have taken

place in the immigration and citizenship area of my responsibility over the course of 2012 and of further reforms and key priorities being pursued by the Authority in 2013 through to 2016.

Thank you, Mr Speaker.

Motion (by Mr James Marape) agreed to.

That the Parliament take note of the Paper.

Debate adjourned.

MOTION BY LEAVE

Mr JAMES MARABE (Tari Minister for Finance) – I seek leave to move a motion without notice.

SUSPENSION OF STANDING ORDERS – REARRANGEMENT OF BUSINESS

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

That so much of the Standing Orders be suspended as would prevent the Minister for Treasury presenting a statement.

PAPUA NEW GUINEA CUSTOMS ANNUAL REPORT 2012 – PAPER AND STATEMENT – MOTION TO TAKE NOTE OF PAPER

Mr DON POLYE (Kandep – Minister for Treasury) – Pursuant to statute, I present the following paper:

Papua New Guinea Customs, Annual Report 2012

I ask leave of Parliament to make a statement in relation to the report.

Leaver granted.

Mr Speaker, the purpose of this presentation or this statement is to inform the Parliament of the Papua New Guinea Customs Services Annual Report for 2012 that encapsulates performance reports on revenue collection, trade facilitation statistic, border security and institutional capacity building.

31/02

Mr Speaker, PNG Customs is relatively a new agency, having emerged from Internal Revenue Commissioner (IRC) in 2010. In the 2012 Annual Report marks its third year of successful involvement as a separate government agency. Similar Reports had also been produced for the other last two years (2010 and 2011).

PNG Customs is mandated under the *Customs Act* to perform the strategic roles of Border Protection, Trade Facilitation and Revenue Collection. Institutional Capacity Building and Good Governance also form integral part of its roles in ensuring the strategies roles are performed with exemplary results.

These roles have been performed under the guidance of Customs Services Plan 2010 – 2012, which provides the platform for driving the implementation and performance of these strategic functions.

Mr Speaker, as you will note from the Annual Report, PNG Customs had done well in the performance of its core mandated roles of Border Protection, Trade Facilitation and Revenue Collection.

However, a lack of resources has continued to exert much challenges often intensified by increasing volume of trade owing to surge in the mineral, oil and gas sector. This is also the case with the vast land and maritime border, which are open and porous to poachers and illegal activities beyond the organisation's watch.

Mr Speaker, PNG Customs' subscription to international and regional customs organisation, particularly the World Customs Organisation and Oceania Customs Organisation, had also posed demands in terms of adapting and implementing world innovative and best practices.

The PNG Customs is focused on making wise use of the limited resources through effective risk management to optimize productivity and outcome in the performance of its mandated strategic roles.

Major Achievements

Mr Speaker, the achievements and outcomes of PNG Customs for 2012 are as summarized:

(1) Revenue Collection

PNG Customs collected aggregate revenue of K2.49 billion for the year ending 2012. This revenue was K377.46 million (18 per cent) more than the 2012 Budget estimate of K2.121 billion. In comparison with the 2011 collections of K2.31 billion, this was an increase of K173.61 million (8 per cent).

Main sources of revenues are shown in the table below:

Customs Date	Actual Collection	Expected Collection	Surplus in Collection	Surplus in Percentage
Import Duty	223.02	234.88	11.88	-5 %
Import GST	1 236.04	762.91	473.13	62%
Export Excise	294.76	313.21	18.45	-6%
Export Duty	179.86	206.39	26.24	-13%
Inland Excise	560.51	600.39	39.88	-7%
Sundry Receipts	5.03	4.27	0.76	18%
Total	2 499.22	2 121.76	377.46	18%

(K millions)

Mr Speaker, the increased revenue collection reflects booming economic activities in the country, particularly triggered by surge in the mineral, oil and gas industries with exponential effect in the other sectors resulting in increasing international trade volumes.

Such optimal result in revenue collection is supported by effective implementation of compliance strategies that feature sound post audit, administration and application of penalty regime, and investigation and prosecution of breaches of Customs Laws.

Revenue Foregone.

Mr Speaker, a sum of K633.43 million was foregone during the year under the State Sanctioned Exemptions, which could have formed part of the aggregate revenue collections

for the year. This was K36.69 million more than the 2011 figure. The three components that were most impacted under the exemptions were import GST (K588.83 million), import duty (K27.45 million) and import excise (K17.15 million).

(2) Trade Facilitation

Mr Speaker, initiatives undertaken by PNG Customs towards improving trade facilitation include combination of policy and practical measures.

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The efficient usage of secured cargo clearance automation system have continued to sustain efficiency in trade facilitation. The introduction of the cargo manifest module within this system has also elevated efficiency in trade facilitation. The continued implementation of the advanced ruling system too had proven beneficial in enhancing trade facilitation.

Mr Speaker, the imports for major impact resource projects such as the PNG LNG Project were accorded special consideration under the express service module for speedy clearance facilitation. The use of nonintrusive scanning technologies together with employment of intelligence led risk based targeting and inspection of cargos had seen a drastic improvement in efficiency of international trade facilitation.

Mr Speaker, regular consultations are maintained with stakeholders, importers, exporters and industries involved through meetings to address issues that include impediments to clearance process and trade.

Mr Speaker, PNG Customs is conscience of its role of trade facilitation as quite strategic to the country. As such, it has been committed to adopting and implementing measures and strategies recommended by the World Customs Organisation that are designed to modernise clearance processes and procedures which foster efficient trade facilitation to sustain trade and investment confidence and prosperity for Papua New Guinea.

Mr Speaker, you can refer to the Customs Annual Report 2012 for detailed reporting on the trade aspect including the trend of trade, statistics on imports and exports, and the merger of trading partners of Papua New Guinea.

(3) Border Protection and Enforcement

Mr Speaker, Border Security is a Strategic National Function performed by the Papua New Guinea Customs. The performance of this function ensures and maintains supply chain and security, and social security through prevention and containment of infiltration or

prohibited and contraband goods, which are inherently harmful to the society and to our people.

Crimes such as human trafficking, terrorism, smuggling of drugs, trading of arms and other illicit of goods can be prevented and contained. A great number of contraband and illicit goods have been detected, detained, ceased and destroyed at the ports and border posts, which are the points of entry into the country.

Mr Speaker, I ask the honourable Members of Parliament to refer to the Customs Annual Report 2012 for further details in the report that I have presented. A number of joint maritime patrols and operations were conducted as detailed in the annual report.

Mr Speaker, the vast maritime and land border makes it quite easy for poachers and trans-national criminal elements to engage in illegal activities in the absence of adequate surveillance resources and logistics to ensure effective border surveillance and protection.

(4) Institutional and Capacity Building

Mr Speaker, this brings me to present to you the Institutional and Capacity Building initiatives of the PNG Customs. Recruitment to the approved structure of 483 customs officers at all progress while thus affecting performance and output. This has been due to the lack of adequate office space building which the government is currently addressing. A couple of trainings have been conducted for officers to enhance their skills and knowledge to meet industry expectations.

Mr Speaker, a number of houses were built and purchased throughout reports of the country for senior manager from public infrastructure project with a funding of K7.8 million. This saw most of the senior staff being accommodated and will be continued in the following year.

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Similarly, the construction of facilities for installation of container X-Ray examining facilities for the main ports of Lae and Port Moresby are well underway. When completed and in use, they are set to immensely enhance efficiency in trade facilitation whilst at the same time ensuring entry of only legitimate goods into the country through these ports. Too, they will greatly enhance and boost trade, investment confidence and prosperity in the country. The X-Ray scanning machines have been purchased in Beijing at a value of K6 million and pending shipment on completion of the facilities for installation.

Finally to good governance, Mr Speaker this brings me to presentation to on the principles of good governance observed by Papua New Guinea Customs. Indeed, PNG Customs has continued to strive to live and work within its Vision, Mission and Value standards as clearly stipulated in its Service Plan. Its value statement strongly calls for commitment, professionalism, service and integrity. Its value statement for integrity, calls for maintain high Christian principles of honesty, transparency and accountability.

It has a sound internal control mechanism comprising of chief auditors from department of Finance was established to conduct periodic audit into the processes and systems of Customs to ensure we are operating within the confines of the laws and regulations thus accounting for every kina and toea spent.

Mr Speaker, PNG Customs maintains a zero tolerance approach in its fight against corruption, hence officers caught engaging in corrupt practices are removed forthwith through the internal administrative processes and are also referred for criminal prosecution. PNG Custom's great performance and output with exemplary results are testament of its officers strict observance of these principles of good governance at all levels of management within the structure.

Mr Speaker, as for the constraints faced by PNG Customs, its effort in performing its core mandated functions of border protection , trade facilitation and revenue collection were subject to a number of inhibiting considerations as indicated in the Annual Report which are manpower shortage, inadequate office space, inadequate resources and logistics and lack of institutional capacity and capability.

As the Government addresses those issues, what is the way forward. PNG Customs has a number of programs listed as priority area to be worked on to address the above deficiency that turn to impair effective discharge of these functions and they are ;

- Recruitment of experts to be completed this year and the work has progressed well,
- Container X-Ray examination facility project to be progressed to conclusion ,
- Continue roll out institutional housing project,
- Continue to modernize Customs legislation, progress and procedures in line with WCO best practices that include working to upgrade our automated systems (ASYCDA++) to ASYCUDA World and eventually into the Single Window Concept,
- Diagnostic assessments into clearance processes to identify areas of impediments with a view to addressing them to speed up trade facilitation,
- Conduct more post clearance audit to increase and recover revenues,

- Undertake preliminary discussions and preparatory work into establishment of customs training academy,
- Increase number of border patrols and joint operations. Other agencies include Border Development Authority, Police, Forestry and Defence Force to work with focus,
- Improve connectivity and cooperation with other border agencies to enhance coordinated border management and trade facilitation.

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The Government will be embarking on implementation. In addition to the works that we have already done this year, Customs is still struggling to perform the strategic roles of Border Protection, Trade Facilitation and Revenue Collection to the expectation of the business industry, the government and the people. This is due to the increasing challenges posed by the surge in the recent economic activities, especially in oil, gas and mineral sectors with exponential effect in other sectors resulting in increasing volume of trade. The vast land and maritime border of PNG too is porous and susceptible to poachers and thus poses a lot of challenges. These challenges are intensified by lack of adequate and skilled manpower, institutional capacity and capability and resources.

Therefore, we would also like to bring to this Parliament the challenge we face so I urge all Members and the public to work together to make the job of the PNG Customs more effective and efficient.

Mr Speaker, I conclude that the O’Neill / Dion Government will do all it can as part of maximizing not only the revenue but also doing a better job of patrolling our borders and working inline with the programs outlined to ensure that the PNG Customs is a better and more effective organization.

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

That the Parliament take note of the Paper.

Debate Adjourned.

ADJOURNMENT

Motion (by James Marape) agreed to-

That the Parliament do now adjourn.

The Parliament adjourned at 4.30 p.m..