

SIXTH DAY

Thursday 19 September 2013

DRAFT HANSARD

<u>Subject:</u>	<u>Page No.</u>
BROADCASTING OF PARLIAMENTARY PROCEEDINGS – STATEMENT BY THE SPEAKER	1
QUESTIONS	2
MOTION BY LEAVE.....	17
SUSPENSION OF STANDING ORDERS - REARRANGMENT OF BUSINESS	17
CONSTITUTIONAL AMENDMENT (CALLING OF PARLIAMENT) LAW 2013	17
MOTION BY LEAVE.....	25
SUSPENSION OF STANDING ORDERS – RE-ARRANGEMENT OF BUSINESS.....	26
CONSTITUTIONAL AMENDMENT (MOTIONS OF NO CONFIDENCE) LAW 2013	26
MIDYEAR ECONOMIC AND FISCAL OUTLOOK REPORT 2013 – MINISTERIAL STATEMENT – MOTION TO TAKE NOTE PAPER.....	42
ADJOURNMENT	49

SIXTH DAY

Thursday 19 September 2013

The Speaker (**Mr Theo Zurenuoc**) took the Chair at 10 a.m., and invited the Member for Sohe, **Honourable Delilah Gore** to say Prayers:

‘Father, we assemble before you today to give glory and honour to your name this day. Father, we assemble before you this morning in this Parliament to discuss issues of this nation, every one of us bowing our heads this morning. Lord, we represent our own people of Papua New Guinea.

God, you are the source of everything. God, you are the source of wisdom and we ask you this morning, Father God, to give us a portion of your wisdom from Heaven above.

Bless every one of us, bless our Speaker, the Prime Minister, the Opposition Leader and every one of us bowing our heads this morning.

Lord, may you bless us, humble our hearts to represent our people honestly, and that we may lead our people the way you want us to lead them to bring prosperity and blessings into this country.

And so, Father, thank you once again for leading us all through and thank you for the blessings of the wisdom from Heaven above you will give us today to make decisions that is good for your people of Papua New Guinea.

And thank you Lord for the many blessings you have given us. Thank you for sending your son Jesus who came on this earth and taught us to say a prayer that we can always remember and the words that he said when he was on this earth.

And so, Father, thank you so much and every one of us will this morning come before your throne and say. Amen’

BROADCASTING OF PARLIAMENTARY PROCEEDINGS – STATEMENT BY THE SPEAKER

Mr SPEAKER – Honourable Members, I have to inform Parliament that the Permanent Parliamentary Committee on Broadcasting of Parliament Proceedings met today and resolved that *EMTV* will be allowed to film Question Time for news purposes for the duration of this meeting.

QUESTIONS

Mr SASINDRA MUTHUVEL – Mr Speaker, I would like to direct my questions to the Minister for Public Services.

Can the minister explain the delay in appointing a permanent provincial administrator? An acting appointee has been in that position for more than a year, so I would like to know the process and when it will be completed.

Sir PUKA TEMU – Mr Speaker, and I thank the honourable Governor of West New Britain for that important question.

I've been discussing the matter with the honourable Governor who is concerned with the public service leadership on the ground.

One key issue which led to the delay was the provision of advertisement funds. Normally it would cost around K2, 500 for a full page advertisement, unfortunately, the Department of Personnel Management does not provide the budget for the advertisements for positions within departments or provincial administrators.

The funds are provided by the provincial administration for advertisements. I am thankful that the Governor has already done that so the advertisement was done in full for six weeks. All the applications have come in and as of yesterday, the Acting Chairman of the Public Services Commission advised that they are now interviewing the applicants.

They should complete the interviewing of the applicants under the Merit Based Appointment Process and by next week, the honourable Governor should receive an advice from the Public Services Commission on the shortlist that will be recommended to his PEC. Once, he receives it, may I request the Governor to call the PEC and then advise me through Cabinet so that I can bring the submission to Cabinet so that his administrator can be appointed.

02/06

Mr Speaker, may I use the opportunity to advise Parliament, in case some honourable governors might want to know exactly where they are.

Mr Speaker, firstly, for the Gulf Provincial Administrator the contract has been signed. For the Southern Highlands Provincial Administrator, advertisement was done and pre-screening report went to the Central Agency Coordination Committee and then they will be referring that shortlist of five to the Public Services Commission. For Enga and Central, the contract has been signed. The Bougainville Chief Administrator was appointed by the Bougainville Council. For Western Highlands, we have been awaiting funds and this is part of the delay so if I can ask the Governor to at least give K2 500 to my secretary so that positions can be advertised.

For the Sandaun Provincial Administrator, a decision was made and he is yet to sign the contract. For Oro Provincial Administrator, contract was signed. For West New Britain, as I have advised, hopefully in the next two weeks, he will be appointed. For New Ireland Province, contract was signed and for East New Britain, we have just appointed a new acting Provincial Administrator. For Morobe Province, pre-screening has been completed and it is going to CACC, so over the next two weeks, it should go to the Public Services Commission.

For Manus Province, it is already advertised and prescreened and it is with the CACC. For East Sepik Province, there are 17 applicants and it has gone through the prescreening already and it should be with the CACC now. For Western Province Administrator, he is under investigation, so there is an acting Provincial Administrator. For Chimbu Province, contract is already signed. For Milne Bay, we are awaiting funds for advertisement and the Governor has already given the funds. For Madang Provincial Administrator, contract has already being signed. For Eastern Highlands Province, the Cabinet has made the decision for re-advertisement and we need the funds from the Governor to do this quickly.

For Hela Provincial Administrator, may I request the Governor to make the PEC decision quickly because this has been sitting with the Governor for a long time. It is more than six months now and so if we can get the PEC decision, we can conclude the process. Once we advertise, we must conclude the process. We cannot stop half way, so if the governors do not want the three short-listed applicants, you can advise me for re-advertisement like what the Eastern Highlands Province has done so we can progress those matters quickly. For Jiwaka Province, the position will be advertised, so I need the

funds from the Governor quickly. For the National Capital District, the position has already been advertised.

Mr Speaker, so that is the situation for all the provincial administrators. I think we are progressing very well and hopefully by the end of this year, majority of our provincial administrators will be appointed.

Mr WESLEY NUKUNDJ – Mr Speaker, my question is directed to the acting Minister for Education and the Minister for Finance. This is in regard to a newspaper article on *The National* newspaper yesterday regarding a commitment by his ministry of K300, 000 to a primary school in my district and also changing a name of a primary school in my district.

03/06

During the Independence Day on 16 September 2013, the Vice Minister for Education visited a school in my electorate and made a commitment of K300 000. The Prime Minister and other Ministers including the Minister for Finance and Minister for Education went to my electorate about six weeks ago and actually witnessed the initiatives that I have taken in addressing and delivering services in the Education sector. My approach is, I am delivering services evenly and uniformly across the electorate whether they voted me or not.

The announcement of the K300 000 commitment has already caused instability in my political support.

Mr Speaker, I am asking on behalf of the people of Dei when the K300 000 commitment will be given. I have 21 primary schools –

Mr SPEAKER – Have you asked your questions?

Mr WESLEY NUKUNDJ –\Yes, I will ask my question. There are 21 primary schools and now that the Vice Minister has committed K300 000, I am getting a lot of pressure from the other schools who also want K300 000. I am under a lot of unnecessary

pressure from the commitments from previous government. If the money is to be given, it must be given by Friday next week.

(1) Can the Minister for Education inform me when the K300 000 will be released?

Secondly, Mr Speaker, the Acting Education Minister through the Vice Minister named a primary school in my electorate after a person without the knowledge of the Governor, the district administration and myself.

(2) Why did he change the name of this primary school?

I am the Member for Dei electorate and the Chairman of the district, so why would these things happen without my knowledge.

Mr JAMES MARAPE – Thank you, Mr Speaker. I was not aware of the trip taken by the Vice Minister into Dei electorate. I was later advised that Vice Minister, in his capacity as the leader of the State accepted an invitation from a very close friend who happens to be from the school that apparent had its name changed.

The Vice Minister said the school was set up by the community and led by a gentleman whose name the school was changed into. But all this came to my notice after the Vice Minister made the trip and made a commitment of K300 000.

If the Education receives funding for next year then we will effect that commitment for next year. We do not have money this year so let me advise the people of Dei through the Office of the Member that we will not be honouring this commitment this year. But definitely if there is money next year, I will look into the Vice Minister's commitment.

In as far as the name change is concerned, the school board in the district can make recommendation through the Provincial education board for the change of name to take place.

04/06

I will then sit down with the department to see whether this change of name did meet the technical requirements.

Mr KEN FAIRWEATHER – My question is directed to the Minister for Lands. Over the years and up to yesterday, questionable land deals continue in the Madang Province. For instance, a PMV bus stop has been closed off by a prominent member of the public from Lae who has bought off the land on which the bus stop is located. He has also bought land in Lae through shady deals.

Mr Speaker, last night I learnt that the public toilet has also been fenced off because the land on which it stands was also bought off. Only a low life would have knocked off the dunny.

Mr SPEAKER – Honourable Member, I must caution you that you are using unparliamentary language.

Mr KEN FAIRWEATHER – My questions are:

(1) Can the Minister investigate how and why land on which public amenities are built are being sold?

I do not expect you to know the answer today.

(2) Can the Minister or delegate someone in Madang to investigate some of these illegal deals?

There cannot be any more land left if someone is buying up land for bus stops and public toilets.

Mr BENNY ALLAN – I would like to thank the Member for Sumkar for his questions.

In today's daily papers, there were reports of land grabbing in Madang town. This issue is very serious, especially when we hear about people who are going and grabbing land illegally by conspiring with officers in the Lands Department. Nevertheless, many of the issues that we are talking about are being addressed by the Lands Department today. Currently, we are trying to identify the few bad officers in the Lands Department so that we can deal with them and carry out appropriate actions.

Regarding the Member's questions, I would like to assure him and the people of Madang Town that an investigation will be carried out into the purchase of the bus stop

involving this prominent public figure. This matter has come to my attention through the media and I am now aware of it. The investigation will try to find out how he managed to do this and who were involved in facilitating this land grabbing.

This particular individual has done similar things in Lae where he or she tried to buy off the old airport land area and had it fenced off. As a result, the Morobe Provincial Government then stepped in and removed the fencing. Therefore, we will be sending a team to Madang to investigate this matter and when a report is ready, I will then make known the results of the findings to the Member and the people of Madang.

As for the public toilet, I believe that the land area belongs to the town council who put it up for sale. Therefore, the Lands Department is not involved in the sale of that particular land area to that individual. But we will investigate into sale of the bus stop as that land is for a special purpose in aiding in transportation services. Thus, it is strange that anyone would sell a bust stop area.

Whilst I am talking about land issues in our towns, cities and provinces is that, we would like to commend the provinces who have already established their lands boards.

05/06

We have written to all the Governors to establish their Provincial Fiscal Planning Board and a Lands Board. This government wants to give back the power to the provinces to make decisions to plan their town, districts and the screening of land applications by individuals and groups.

Supplementary Question

Mr MALAKAI TABAR – Mr Speaker, unscrupulous land deals between officers from the Lands Department and individuals or groups is a common occurrence.

In light of this, when will the Lands Department discipline these officers?

Mr BENNY ALLAN – I thank the Member for Gazelle for his question.

In my ministerial statement, I had stated that we have made certain arrangements with our clients and the general public regarding complaints. We have established a

complaint desk where there is a complaint box where the public can express their concerns and complaints.

Three months have passed since the set up of the complaint desk in the Department and we are now looking at setting up a committee to addressing all allegations raised by the public and investigate them as well as the officers involved.

I would also like to let Parliament know that we have also identified a senior officer in the Department of Lands who has been involved in illegally issuing land titles. This particular officer issued a false title to an investor for a particular portion of land in the city to build a shopping mall, even bigger than Vision City. The land title was issued by the Lands Officer for K100, 000 and when the investor approached the Lands Department for additional assistance, we found out that his title was a fake. The investor upon finding out that his title was a fake was frustrated and has approached the Prime Minister's Office whereby we are waiting for further instructions from the Prime Minister's Office.

Nevertheless, this was not the only case. This same senior officer was also involved in other fraudulent title sale of other portion of land at the Garden Hills area where certain developments are taking place. The Department has, therefore, put a stop work to the development of that particular land portion and an investigation will be taking place regarding the issuing of the title to the developer.

Apart from all these, many of the officers in the Lands Department are cooperating well and have changed their mindsets and are trying their best to uplift the standards and image of the Lands Departments.

06/06

Mr ANTON YAGAMA- My question is directed to the Minister for Lands and this is in support of the statement made by the Member for Sumkar in relation to the land grabbing in Madang town.

Many of the local authorities are unaware of this situation. We have received the papers to create a physical planning board and lands board, and are now awaiting the Ministers approval to create these boards. However, we might lose more land whilst waiting.

Can the Minister advise Parliament on how soon these two boards can be established?

Mr BENNY ALLAN – I thank the Member for raising his concern over the lands and physical planning board. I would like to advise the Member that he must come through the process. I haven't seen the papers yet and if it comes through, it will be signed and gazetted. And after gazettal we will go to Madang for the swearing in. I will follow up with it and advise the member later on.

Mr TOBIAS KULANG – My question is directed to the Minister for Sports and Pacific Games. It is in relation to a contract awarded to a certain firm to build the Games Village and there seems to be some inflation in the contract and yet the colourful Minister says there is nothing sinister about this.

Mr Speaker my questions are;
Can the Minister confirm or explain to this House –

Mr Francis Potape –Point of Order!

Mr Francis Potape – Can the honourable Member withdraw the word colourful?

Mr SPEAKER – I think he is a very charismatic person so I think it's quite colourful.

(Laughter in the Chamber)

Mr TOBIAS KULANG – It was a compliment.

From my understanding regarding this contract, a professional engineer under the name Warren and Mahoney was contracted to assess the costing for that particular project to an amount of K190 million, but when it was awarded by the CSTB, it was awarded at K263 million with an inflated price of K73 million.

My questions are:

(1) Can the Minister explain to this Parliament and the people of this country how that happened?

The company Chinese Railway Construction Engineering Limited was awarded that contract but was never included in the short listed tree that went to CSTB for the final decision.

(2) How did that company jump in and scoop up that contract?

Mr JUSTIN TKACHENKO – I thank the Member for Kundiawa for the very important questions. This has been in the papers and I have explained myself on this particular contract but let me reiterate to let the good Member know what the process is and how we go about tendering these contracts for the Pacific Games.

Firstly, these projects are tendered out through the Central Supply and Tenders board and from there the tenders then come back in. They then go through the technical evaluation committee of independent architectures and engineers who go through and recommend it back to Central Supply and Tenders Board. They give the names of three contractors that they feel are the best to do these job under the circumstances that we are facing, and that is the cause of the delay. March, 2015 is the date that these contracts must be finished for the preparation of the 2015 Games. The Central Supply and Tenders Board put the recommendation's to NEC, which NEC then deliberates on their recommendations of the technical evaluation committee and the Central Supply and Tenders Board.

07/06

From there it goes to the State Solicitor to ensure that the decisions that we are making are correct and proper.

So you will notice that it has to go through a lot of independent bodies before it comes to NEC. It then goes back to the State Solicitor for confirmation, clarification and to justify the decision. And all those processes have been followed by the book.

On my watch, every single contract that we are doing goes through that exact same process because we are talking about public money of nearly a billion kina going for the Pacific Games over the next two years to 4 July, 2015.

With the contract consideration and the time factor, China Railway Construction has sat down with the Chairman of the South Pacific Games Board, the head of the venues committee and the staff and I to go through their contract their amount to ensure that they are on target.

Mr Speaker, because some of their staff and procurements are not in the country yet, they have now subcontracted to Curtain Brothers to do all the establishing works of the actual buildings to have them ready.

Mr Speaker, we are not talking about a 100-room hotel. We are talking about a 3000 roomed room buildings that will cater not only for the Pacific Games for the four weeks but also for the legacy of the University of Papua New Guinea.

We are killing about five birds with only one stone by building it at the University of Papua New Guinea. Our students will now have the best accommodation in the Southern hemisphere once this is actually finished because it is all pre-cast concrete –

Mr Tobias Kulang – Point of Order! Mr Speaker, how did the contract go from K190 million to K260 million, and how did a company that was not listed by the Technical Tender Evaluation Committee get the contract?

Mr SPEAKER – Honourable Member, your point of order is in order. Honourable Minister, I would ask you to just summarize your answers.

Mr JUSTIN TKACHENKO – Mr Speaker, the figure he is referring to was for work that Warren and Mahoney carried out, which was a pre-evaluation of what needed to be done. The scenario is that it didn't consider that this contractor will be doing two shifts working seven days a week 24 hours a day, to ensure that the contract is finished on time. Time costs money and that is very important. With that as well, it didn't take into consideration the food hall and mess, which is added onto that price.

Mr Speaker, when you look at all those that bid for the Games Village, the price ranged from K340 million down to a K190 million and everything in between.

So we chose the highest bidder in this regard and it was the bidder most suitable to do the job.

Mr Speaker, China Railway Construction was chosen because they were recommended by the Central Supply and Tenders Board to NEC. So you will have to ask them that question on how they got that company to come into the system.

Mr Speaker, at the end of the day, we chose the best company through NEC and through the proper process to ensure we get this Games Village finished by 2015, March, for the benefit of the Games and leaving a lasting legacy for the University.

Value for money, Mr Speaker.

Supplementary Question

Mr SAM BASIL – Mr Speaker, it is common knowledge that the company that was engaged for the project, China Railway Construction, was blacklisted by the World Bank, in terms of their corrupt practices with third world countries in dealing with hundreds and millions of kina worth of contracts.

Is the Minister aware that that company was blacklisted?

Mr JUSTIN TKACHENKO – Mr Speaker, I am totally not aware of that blacklisting. Never heard about it and I have no knowledge of that whatsoever.

Mr WILLIAM POWI – Mr Speaker, I direct my questions to the Minister for Agriculture and Livestock.

Mr Speaker, my people need a branch of the Rural Development Bank in the Southern Highlands Province.

08/06

When the National Government is embarking on SME, growing the economy and providing credit and other support facilities to the people in the rural areas, the Southern Highlands people are missing out in the partnership arrangement that the Rural Development Bank facilitates to the provinces. I have over the last three months consulted with the bank and the acting managing director who has assured me that this

branch will be established in the Southern Highlands province. My people are going back and forth to Western Highlands and other provinces.

Can the Minister assure my people that a branch of the Rural Development Bank will be established in the Southern Highlands Province?

My government has given the commitment to meet the minimum requirements.

Mr TOMMY TOMSCOLL – Mr Speaker, I thank the Governor for his question.

The board of directors of the National Development Bank did approve the construction of a branch to be built in Mendi. That position has not changed and I want to assure the Governor that the program will continue. Apart from building that bank in Mendi, the National Development Bank and the Directors have also recognised that few other places also require a branch to serve the local businesses and also approved for a branch to be opened in Tari and another branch in Buka.

Mr Speaker, constructing and building the branch is one case, but what underlies the success of NDB is that once the branch is constructed, resourced and is operating, we need the people of Southern Highlands to go and use the bank. We need you to come and give the business.

Mr Speaker, if we construct banks everywhere and the people do not come and use the bank and instead they travel to Mt Hagen or Goroka to use BSP, Westpac or ANZ branches, there is no economics upscale to operate a bank in the province.

I recall that the Governor of Enga has an arrangement with Air Niugini where he subsidises some of the flights into Port Moresby from Wapenamanda so I urge Governors of provinces also to consider to partner with the National Development Bank to subsidize some of the cost so that we can be able create a scale of economy to operate the NDB in your province.

Mr Speaker, that is my appeal to the Governor. If he can take it on, I urge him to create the partnership with the National Development Bank because it does not have the money to go around Papua New Guinea to construct all the branches. We would like provincial governors to take heed of what I am saying and come forward and partner us in subsidizing the cost in the provinces so that we can service the people across Papua New Guinea.

Supplementary Question

Mr ROBERT GANIM – I raised a similar question regarding the NDB bank in Wabag. I approached the managing director to have an office established and I have given an office space yet it's been some months and they have not set up office. I am also surprised that the Minister has not mentioned Wabag, apart from Tari. So have you got any plans for the establishment of the bank in Wabag?

09/06

Mr TOMMY TOMSCOLL – Mr Speaker, I thank the Member for raising his question. I did not deliberately miss out Wabag. Wabag is also in this list for a branch to be opened.

Mr Speaker, there used to be a branch in Wabag before but it was closed down due to lack of business. It means exactly what I have just said. So we need the people of Wabag to go and create the business for the bank to operate. We cannot staff bank officers and pay them when the branch itself cannot pay for that cost.

I am sure that other provinces where the branches exist also do not want their money to subsidise another branch in another province, so I appeal to all and I want to assure the Member that I will speak to the managing director. I want to thank you for offering space for a branch but certain requirements need to be met. It is not just like opening a trade store where you just put up the shelves and put in the stocks. So I will seek an explanation because maybe the office does not meet the requirement of opening up a bank and if it does so, I will see how it can be rectified. But I want to thank the Member for partnering with the bank in his district.

Mr GARRY JUFFA – Mr Speaker, my questions are directed to the Minister for Agriculture, and I want the Minister for Forest to take note as well. My questions are in relation to an issue in Oro Province where a company has taken a barge to ship off equipment to the Collinwood Bay and Wanigela area to carry out an SABL operation, which the landowners have taken action to stop. I was informed of this and I am supporting them.

(1) Is there going to be any effort to enforce the moratorium that the SABL inquiry has activated in this regard?

(2) Does the Minister and his department have any plans to put in place policies or bio-security measures to protect our cash crop farmers throughout the country? Plants, used equipment and dirt are being transported on these logging equipments by the barges and pontoons. For example, we know for a fact that the transmission of cocoa pod borer and other such diseases can come to our economy through these means.

(3) What policies does the Minister and his department have to counter this type of situations?

Mr TOMMY TOMSCOLL – Mr Speaker, I thank the Governor of Northern Province for the two questions. The second question relates to the biosecurity issues as result of transportation of machineries directly into ports particularly in rural areas.

Mr Speaker, I agree that many such actions have led to the increase in threats of the biosecurity of our country. Since I took office, I have instructed NAQIA to review the Act so that we can increase the penalty. The penalty at the moment does not reflect the seriousness of the breach.

10/06

In relation to the first question, SABL is an issue that has been the subject of many discussions for a long time, and only yesterday the Prime Minister presented an unfinished report.

Mr Speaker, quite clearly, the Government has appointed a ministerial committee to look into the issues of SABL and report it back. I hope that through the Ministerial Committee when it starts to sit and consult all the stakeholders apart from NGO's and all the concerned citizens we will find an answer as to how we should move forward towards the development of SABL. Let me also take this opportunity to say that SABL is an acronym for Special Agriculture and Business Leases, and not, Special Agriculture Business Leases. Meaning that this is a customary land and we either develop it into an agriculture project or you can use it to do other businesses such as building a satellite town or a communication network.

I do not want us to confuse ourselves with the lease, just as the State has a lease over a State land which we often call it as a state lease. On a customary land, the lease is called special agriculture and business lease.

Mr Speaker, the people of Papua New Guinea who own the land have the right to register a land. When they register their traditional land, it gives them a bankable document so that they can go to a bank to raise equity or collateral, give indemnity or guarantee to the developer and the bank, so that they too can participate equally in the development of this country and in the advancement of their own lives style.

Mr Speaker, I am sure the ministerial committee is a very capable committee and it will find an answer. You will all be consulted through the process and you will take part in it. But otherwise, I thank the Governor for his questions.

Mr NOAH KOOL – My question is directed to the Minister for Public Enterprise. Can the Minister inform Parliament as to when Air Niugini will commence flight services to Kundiawa. The Simbu Provincial Government in consultation with NAC have completed upgrading the airport six months ago. The dates have caused inconvenience for the people of Simbu, government bureaucrats, tourists, and the investors. I ask the Minister to shed some light on the issue for the people of Simbu.

Mr BEN MICAH - Mr Speaker, in response to the Governor's question, the National Airport Corporation together with the office of the Civil Aviation have completed all the necessary documents to ensure that the airport meets Civil Aviation requirements, and the airport is now cleared for the aircraft to land.

I would like to advise the people of Simbu Province that I have instructed Air Niugini to liaise with the National Airport Corporation and Civil Aviation Authorities to clear Air Niugini to land. I want to announce to you that Air Niugini now being given clearance to land and the first flight will be announced as soon as Air Niugini is ready.

11/06

MOTION BY LEAVE

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

Leave granted.

**SUSPENSION OF STANDING ORDERS –
REARRANGMENT OF BUSINESS**

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

That so much of the *Standing Orders* be suspended as would prevent Notice No. 71 being called on forthwith.

CONSTITUTIONAL AMENDMENT (CALLING OF PARLIAMENT)

LAW 2013

Third Reading

Second required opportunity for debate and Second Vote from 17 July 2013 (See page...).

Mr SPEAKER – Honourable Members, I present the Report of the Permanent Parliament Committee on the *Constitutional Laws and Acts and Subordinate Legislation* relating to the Constitutional Amendment on Calling of Parliaments Law 2013.

Mr SOLAN MIRISIM (Teleformin) – I rise to make a statement on the work that my committee has undertaken relating to the Amendment to the *Constitution* to

reduce the number of sitting days, and change the procedural rules for bringing a Motion of No Confidence.

Mr Speaker, the current Section 124 of the *Constitution* provides that Parliament shall meet no less than three times in a 12 month period and in principle for no less than 9 weeks in total. The majority of the Supreme Court interpreted the provisions strictly and found that Parliament is required to meet 3 times for a total of 63 days.

Mr Speaker, reaching 63 days sitting days per year has proved to be horrendous obligation. I noted that the current parliamentary calendar has five meetings with a total of 59 sitting days.

Mr Speaker, the proposed amendment law would see the number of sitting days reduced to a minimum of 40 days in a 12-month period. This is far less horrendous and is consistent with the current parliamentary schedule. In recent years, the Parliament has consistently fallen short of the 63-day mark. It has only managed somewhere between 45 and 50 days.

Mr Speaker, it should also be emphasized that 40 days is a minimum only and that Parliament is free to sit longer at its discretion.

Mr Speaker, the committee has heard from the Office of the First Legislative Council, the Chief Secretary, members of the community and non-government groups, and what is clear to my committee is that our people are demonstrating that they no longer want to be passive players in our political process.

Mr Speaker, people are ready to make meaningful contributions to whatever reforms that the government proposes to undertake. After hearing all the views, the Committee is of the opinion that the Amendment Bill should be passed.

Mr Speaker, in order for the continued success of the Parliament the days should be reduced. The committee considers that a minimum of 40 days in a 12-month period is realistic and an adequate minimum requirement.

Mr Speaker, the committee has also considered the proposed changes to the procedures for bringing a Motion of No Confidence.

12/06

Mr Speaker, according to *Section 145* of the *Constitution* a no-confidence motion expresses that Parliament no longer has confidence in the Prime Minister of not less than one week notice is given signed by one tenth of the Members of Parliament, which is eleven Members given in accordance with the *Standing Orders*.

Mr Speaker, the effect of this is that motions were being formed in secret with support from only a small portion of Members.

Motions were also prepared in haste and were often rushed and delayed by the Private Business Committee depending on their circumstances.

Mr Speaker, there was a clear need to reform the procedural rules for bringing motions of No-confidence.

The introduction of Motion of No confidence is a serious business. We need clear transparent rules, which allow the public to hold Members accountable.

Mr Speaker, the proposed constitutional amendment law requires that a notice of no-confidence must have three months notice and be signed by at least one-third of the Members of the Parliament of 37 Members.

Mr Speaker, the Prime Minister moved an amended to this law on the Floor of Parliament immediately before it was considered for the first vote. The amendment requires that a notice of no-confidence must have one months notice and be signed by at least one-fifth of the Members of Parliament that is 22 Members.

Mr Speaker, the Executive arm of Government has been listening and has already made some changes in response to public opinion.

As you would expect, the committee heard from a range of interested parties. Motions of No Confidence have been used to cause significant political instability. The public are sick and tired of these games and they want a strong stable Government that can deliver services to the people.

Mr Speaker, the committee endorses this Bill as amended on the Floor of Parliament. This amendment Bill would mean that motions are made public and the electorate can see who and what is being proposed.

This increases transparency and allows the electorate to hold Members accountable for their actions.

Mr Speaker, finally the Government will be free to get on with the business of governing and not be running around playing politics at the expense of the people.

Mr Speaker, indeed this Parliament has been sincere in its approach to this Constitutional law and we found nothing wrong with the amendment and it has the support of the majority in our community.

We commend the amendment to this Parliament.

Mr PETER O'NEILL (Ialibu-Pangia – Prime Minister) – Mr Speaker, in accordance with *Standing Order 222F*, I move –

That the Proposed Law be now read a third time.

Mr Speaker, as the Chairman of the Constitutional Review Committee has stated since the beginning of our independence no Parliament has ever really satisfied the number of days that is required for a Parliament to sit.

Mr Speaker, we have consistently being in breach and that has been further reflected in the recent Supreme Court decision where it is stated that Parliament was required to sit 63 days and that it did not have a clarity on the issues on the number of days a sitting can be met and whether it included the weekends or not.

Mr Speaker, all in all we are not reducing the parliamentary sittings which is normally four days in a week and if you multiply that, we are consistently sitting for nine weeks as required by the *Constitution*. We are just giving more clarity to it.

Mr Speaker, this is a minimum number and it is up to Parliament to sit as long as it wants.

I commend this Bill to Parliament.

13/06

Mr SAM BASIL (Bulolo-Deputy Opposition Leader) – Mr Speaker, I don't have much to say but I just want to remind the Parliament that whoever the Prime Minister that sits on the Chair would want to have his powers and prolong his leadership.

Mr Speaker, legislating to stay in power for a longer period is not good because we as Members of Parliament are going to surrender our rights as Members of Parliament and surrendering the power of this house.

Mr SPEAKER – Honourable Member, we are actually debating the number of sitting days which is Notice No. 710. You should not make reference to the term of the Prime Minister.

Mr SAM BASIL– Amending the procedural matters of this Parliament plus others, makes it hard for a change if there is a change.

You maybe a good Prime Minister now but what if we have a bad Prime Minister in the future?

What we are doing is that we are restricting the Members –

Mr SPEAKER – Honourable Member, Notice No. 17 is the next business so you may debate then. These are two separate Bills. We are now dealing with the number of sitting days of Parliament so your debate has got to be in line with that.

Mr SAM BASIL – Mr Speaker, I was referring to the procedural matters which covers the number of sitting days.

Mr James Marape – Point of Order! Mr Speaker, the Deputy Opposition Leader, was being disrespectful by continuing to stand while you were making a ruling.

Mr SPEAKER – Mr Minister your point of Order is in order and I caution the Deputy Opposition Leader that the next time he continues to stand while I am speaking, I will order him to sit down.

(Laughter in the chamber)

Mr SAM BASIL – Mr Speaker, those bills point to one thing and that is to extend the term of the Prime Minister. What I am saying is that –

Mr Bob Dadae – Point of Order! Mr Speaker, the Deputy Opposition Leader is misleading Parliament. He can debate the issue when we go to the second part of it. This is not about the Prime Minister extending his term in office as Prime Minister. That issue is coming up next so the Deputy Opposition Leader can continue there.

Mr SPEAKER – Honorable member please resume your seat. Your point of order is in order.

Allow the Member for Bulolo to go ahead and complete his debate.

Mr SAM BASIL – There are only two of us on this side. What is the fuss? You have the majority and the support and you are sure to pass this Bill.

Mr Speaker, I am only saying that we will be restricting the rights of the future Parliamentarians after the 2017 General Elections and beyond.

Mr Speaker, when I was elected to this Parliament I would have liked to see that we hold our Prime Minister accountable on any matters that is not good or if the Prime Minister is not ruling the country the way people want.

Mr Speaker, with all these changes including the number of sitting days, we are restricting our rights. We are empowering the Executive arm of Government to be in control and that is very dangerous for democracy and for us to exercise our rights as members.

I see that the Prime Minister has got 18 months and now he wants to extend to 30 months I don't see any reason why the Prime Minister has to go ahead and amend this and other procedural matters. It's not right.

Mr KERENGA KUA (Sinasina-Yongomugl - Minister for Justice and Attorney General) – Mr Speaker, I rise in support of the proposed amendment to simply clarify the landscaping which we operate. The interpretation of the Supreme Court that was relied

upon in the past as creating a requirement for 63 days has resulted in a very congruous and impractical outcome.

Mr Speaker, the Constitutional requirement is for us to sit for nine weeks. There are seven days in a week and if you multiply that by nine you get 63 days.

14/06

And in order to achieve those 63 days you have to sit from Monday to Sunday for nine weeks or in any given week seven days straight; including Saturday and Sunday that is totally impractical. We can't be able to achieve that.

And so what the Supreme Court did was to interpret interpreted the law as it written, as the words spoke for themselves. They say nine weeks so they took the logical interpretation to say nine weeks means 63 days.

Now in order to achieve these 63 days in practical terms, you need to include Saturdays, Sundays and Mondays as well. The practice has been that Parliament sits for four days a week starting from Tuesday. This means Parliament sits four days in nine weeks which gives you less than 63 days.

So you have a situation where the *Constitution* leads to an incongruous impractical outcome by the Supreme Court and they are simply doing what they have to do. But when it comes to the application of the interpretation it's unworkable and it's simple as that. So what we are trying to do under the leadership of the Prime Minister is to give clarity to it.

Now one important point that escapes this debate and we need to pay attention to it is that; in the same Section that creates the requirement for us to sit nine weeks is a statement that this requirement is in principle only. It is an in principle requirement. I invite the Members to look at their *Constitution* schedule 1.6. It says that; any statement of principle or an in principle statement in the *Constitution* or elsewhere in the substantive part of the *Constitution* is simply a statement that is not complying. It is a position pronouncing principle. And if you didn't follow whatever you have done does not become ineffectual or illegal because that provision is only an in principle requirement it's not compliance and does not lead to an invalidity or ineffectiveness of whatever act or conduct that statement in principle has prescribed.

So here we are talking about an in principle requirement. If we didn't comply with whatever we have done or not done, it doesn't become illegal because of non compliance.

That *Section 124 (1)* says; it is an in principle requirement, so this Amendment does not seek to repeal the words in principle but those words still remain intact. All that it seeks to amend is the number of days so there is clarity. So you sit for the minimum number of days but how much longer you wish to sit is a matter at the discretion of this Parliament.

And that will be determined by the practicalities of the day; the business we have on hand. If we have plenty of business then we can convene Parliament and we can sit for as many days as we want to. But if we don't, we must go back to our ministries and districts where our primary mandates come from and not just sit here and legislate in Parliament. We have multiple roles and there must be time for all of those roles.

Mr Speaker, all I am saying is that we should not be too upright and there is nothing much that needs to be said about it. It has always remained from the beginning and in principle requirement. And so because we cannot sit on Saturdays, Sundays and Mondays; we can on Mondays if people want to but we cannot sit on Saturdays and Sundays for many reasons. And also it would require super human effort to sit 63 days straight anyway. I can't see a super human being here including those in the Opposition benches.

We need to be realistic and try to make the law workable and need to write the law in the way where the interpretation leads to a workable outcome. The way it was written previously does not lead to a workable outcome. So this is a long outstanding Amendment we need to harmonise with the practicalities. Most of the provisions of the *Constitution* are workable but you will still have those little corners that are too sharp to turn without risking the safety of the people involved.

15/06

And this is one of them. It is unworkable and it provides a very sharp corner.

Mr Speaker, I don't think we need to be afraid of this. We have our commitment to this Parliament and where necessary we will sit beyond the required number of days.

But all we are trying to do is prescribe a minimum number of days which will serve as an in principle guides.

Thank you Mr Speaker.

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

Motion – That the bill be now read a second time – put.

The Proposed Law requiring an absolute majority of 74 Members as required by the *Constitution*, the Speaker ordered that the bells be rang.

16/06

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

AYES – 81

NOES – 2

The Proposed Law passed with the concurrence of a two-thirds absolute majority as required by the *Constitution*.

Proposed Law read a third time.

17/06

MOTION BY LEAVE

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

Leave granted.

**SUSPENSION OF STANDING ORDERS –
RE-ARRANGEMENT OF BUSINESS**

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

That so much of the *Standing Orders* be suspended as would prevent Notice No. 71 of Government Business being called on forthwith.

**CONSTITUTIONAL AMENDMENT (MOTIONS OF NO CONFIDENCE)
LAW 2013**

Third Reading

Second required opportunity for debate and Second Vote from 17 July 2013 (See page ...).

Mr SPEAKER – Pursuant to Statute, I present the Report of the Parliamentary Committee on *Constitutional Laws and Acts and Subordinate Legislation* relating to the constitutional amendment Motions of No Confidence Law 2013.

Mr PETER O’NEILL (Prime Minister) – Mr Speaker, in accordance with *Standing Order 222F*, I move –

That the Proposed Law be now read a third time.

Thank you Mr Speaker, this matter and this particular amendment has been debated quite widely and not only by our honourable Members and leaders in this country but many through our community.

Mr Speaker, we have sought the views of everybody and we have in fact taken time as Government made an amendment to the earlier proposal from a one third of the parliamentary members’ signature for a motion to be introduced to one fifth. We have made that because we feel that we have to make sure that we work with all our leaders in making sure we address their concerns.

Mr Speaker, when I got elected into Parliament in 2002, my only interest was to serve my people of Ialibu-Pangia. I have been returned three times to Parliament only because I continue to have the trust and confidence of the people of Ialibu-Pangia.

Mr Speaker, similarly, when I got elected to this position in 2012, my aim has always been to serve the interest of our people and our country.

Mr Speaker, I think after 12 months, every Member of this Parliament knows very well the sort of government I wanted to run for our people and our country. And that is a collective government, a consultative government and a government that is for all and not for a few.

Mr Speaker, I know that there have been concerns that this might entrench the powers of a prime minister or of a Government. I want to reiterate this and for any government to be in position or any prime minister to be in position, first and foremost, it must have the confidence and trust of the people. The second thing is that it must have the confidence of this honourable House to maintain a position of either Government or a Prime Minister.

Mr Speaker, to maintain a confidence of a government, you continue to need 56 Members of Parliament to maintain that level of confidence and I want to reassure this Parliament that if I ever lose that confidence, I will do the right thing and resign as Prime Minister. I will make it very clear that anybody who wishes to hold this position must maintain the confidence and trust of the Parliament.

In order for a government to operate, you must pass budgets and you need 56 Members of Parliament to do that. In order for us to maintain Government, you must have 56 Members of Parliament to pass laws and beyond.

Mr Speaker, so when you talk about balances and checks, the Parliament itself can hold the Government and the prime minister to account, and at all times, any future Prime Ministers must make sure that they have 56 Members to remain in Government and in that position. What we are trying to do with this amendment is to make sure that we take away all the manoeuvring that goes on behind the scenes and goes to self-interest.

We have seen the results of the instability that shows to the nation; the decline of government services and decline of trust in our leaders. As a result of that, we have now lost the confidence of many of our people throughout the country.

18/06

Mr Speaker, we must put notices in a transparent way and we must get people to sign in a transparent way. They must not be induced or motivated to do so because of their selfish interest. It must also be done publicly so that people of Papua New Guinea will know that their Government is changed for the valid reasons. That is why I am proposing this Bill to this Parliament.

Mr Speaker, again, if I do not have the support of 56 Members continuously in this Parliament, I will resign. That is a honourable thing for any Prime Minister to do in the future. That is why we must continue to maintain the trust of our people and I know that these amendments will achieve that, so I commend these amendments to Parliament.

Mr SPEAKER – I must remind honourable Members that the Chair needs to be impartial on this matter, and so we must allow Parliament to debate these amendments before us. There is nothing to fear.

Mr TOBIAS KULANG (Kundiawa-Gembogl) – Thank you Mr Speaker. It is true that this Parliament is an avenue where we discuss important issues so we should remove the motion of question be put from the *Standing Orders*. What is the main reason that we come to Parliament? I think the Members always move that motion just to go to Gordons Market or Vision City.

Mr Speaker, this is a very important Bill and it is a major turn from what may have been the intentions of the people who framed the original *Constitution*. A lot has been said and like what the Prime Minister has alluded to, our communities are being engaged. I really do not want to repeat what has been already mentioned but just for the record and as a Opposition Member, at this point in time where the Bill is as good as been passed, I wish to make few comments.

Mr Speaker, firstly, I think it is very important for a community and a country to develop the competitive edge, it is very important that we must defer. We must have the diversity of thoughts. We cannot always come in here and move motion for question be put all the time. This will kill innovation of a competitive spirit. We must not be afraid to speak out. Yesterday, it was a very sad day for me when the Grand Chief, Sir Michael

Somare made a very important point but we all shouted him down. This is a very dangerous trend.

Mr John Pundari – Point of Order! Mr Speaker, nobody shouted the Grand Chief down yesterday and the Chair was the witness. Can the Chair ask the Member for Kundiawa to withdraw his comment?

Mr SPEAKER – Your Point of Order is in order. Honourable Member for Kundiawa, please withdraw your statement.

Mr TOBIAS KULANG – Mr Speaker, I withdraw the statement but somebody actual did shout him down and I heard it from here. So if I heard it from here then he probably was shouting.

Mr Speaker, I think the important issue what is the role of the Parliament? I think this legislation we are deliberating is giving us the opportunity to compare views on the true role of the Parliament. I am scared that this kind of law we are trying to pass now will restrict the powers of the Parliament to monitor and supervise the work of the executive government. Yet, even the Government has challenged the Opposition on several occasions to get a court reference against the 30 month Grace Period.

(Government Members interjecting)

Mr TOBIAS KULANG – I have no shame.

Mr SPEAKER – Honourable Member for Kundiawa, may I remind you to address the Chair.

Mr TOBIAS KULANG – Mr Speaker, I am not ashamed. I want to say that this Parliament must be very careful that it does not legislate to restrain itself.

19/06

We have a situation on this Floor where our Parliamentary system is a single Chamber, where the executive arm of government sits in with the legislature. Our political history has brought forth a new term, 'kitchen cabinet'. How did that come about?

It simply means discussions made behind locked doors by a handful of people and then brought to Parliament and bulldozed over. The people on the street expressed on August 2, 2013, that something happened on the Floor of Parliament because the Parliament felt that it did not have the ability and the power to manoeuvre and scrutinize the actions and activities of the Executive Government. So I just want to ask the Parliament; are we going down that track again by legislating our own will because it will be difficult to hold the Executive arm accountable later on.

I have noticed that Members are afraid to talk about the DSIP funds, so what is the work of the Parliament? I think Parliament must be a place where we must use our conscience and be free to exercise it to support or not to support bills, because maneuvering and intimidating people verbally is not nice.

Mr JAMES MARAPE (Tari – Pori – Minister for Finance) – Mr Speaker, I rise to also make a statement, not as the leader of government business, but as Member for Tari-Pori so let me thank you for recognising the people of Tari-Pori. I want to put on record that we are in support of this amendment that is brought on by the Government.

Mr Speaker, we have just come out of celebrating 38 years of Independence and when you look back on the history of our country, despite the enormous amounts of potential we have as a nation, we have fallen far behind. And we only have to look into nations like Singapore, Malaysia, Vietnam, North and South Korea. These nations have been around for the same length of time we have had and with little resources they have advanced far better than what we have done in the last 38 years.

20/06

We had a poor taste of what political stability can do to this country and if we put a mark in a pointed time in our nation's history and if we look into 2002 and take stock of

life prior to 2002; I am humbled by a statement made by the Governor for Western Highlands and in the first instance when we brought this issue before Parliament, the governor made this important statement and it rings loudly in my mind.

When he was the Prime Minister, he was busy managing politics and not managing the nation. He made this point loud and clear, and for me that message reflects home. We were heading down the right path but prior to 2002 even when we had a so called economic wizard as the Prime Minister at that time, our Kina was free falling quite below 20toea against the US dollar and at one stage it was 16 toea against the US dollar.

Our debt with GDP ratio at that time went above 74 per cent and our inflation rate was hovering around 40 per cent. There was a large capital flight and foreign investors in this country were leaving by the numbers. The former opposition leader Bart Philemon will advise you on that.

Mr Sam Basil –Point of Order! Mr Bart Philemon was an honourable Member of this parliament during his time and I would like the Finance Minister to address him correctly, because he has Morobeans on his side too.

Mr SPEAKER –Your point is in order, please don't turn this into a debate.

Mr JAMES MARAPE – The Morobeans on this side will support the cause that he took. In 2003 when he went to the IMF and World Bank headquarters, they had to tell him; Mr Finance Minister from Papua New Guinea, we can't entertain you.

Unless we forget the situation that we came out from, when there was no political stability, no foreign investors and no one for that matter wanted to come to PNG but after 2002, the Somare Government continued to work hard and attracted positive trade and we were able to secure the LNG project against the backdrop of global financial crisis in 2008.

Mr Speaker, of course there were political leadership and positive indicators and foreign exports that were going very well for us but right in the middle of it there was political stability. And that meant political consistency where there was predictable

economic outlook that gave guarantee for PNG to be seen as a better investment destination.

Mr Speaker, if you want to change the Government, we did it on 2 August 2011, despite laws in place, it came about by the will of the people and the option of using the Floor of the Parliament is there but it is equally fair to give the mandate of the people to run at least half the life of this parliament and that is all we want. The people gave the mandate to a ruling party because of the policy that was sold during the elections. We only have to allow that mandate to run for a minimum half the life of this Parliament.

After the 30 months is up which is about half the life of this parliament and if the Prime Minister, Peter O'Neill is not serving his cause as the Prime Minister for this country the cries of the people will be heard loud and clear. You do not need to speak about it, the people will cry about it and there will be change taking place.

That provision for the Motion of No Confidence still exists; this amendment does not in any sense remove any thing from this provision of law. We are only going to strengthen the law and give certainty to our investors and the nation as far as the Government is concerned.

21/06

Mr Speaker, I stand as a minister but I am sometimes very discouraged. This is the reason why, when I got my ministry I spent the first year acclimatizing myself, the Secretary doesn't respond, because he thinks that the Minister might be sacked anytime. In the first six months we are courting, he is trying to give me extra allowances while I am trying to make him happy. So we spent six months in this process and in the meantime, no government policy gets delivered.

At the back of the Secretary's mind he knows that maybe the minister is going to be sacked one year down the line or maybe the Prime Minister is going to be removed also within that time frame. So he is complacent in the discharge of his duties, very complacent.

He knows that the government does not have the firepower to get him off his back and force him to work. So it doesn't matter how hard I impose my policies and the government's policies on the department, he sits back very complacently.

After six months and the honeymoon period there goes the rumour that is circulating that the minister is going to be sacked or the government is going to be changed, so, in the next one year, either he's working or I'm not working or I am getting a new Secretary.

And so the entire clockwork of public service machinery is not in functional and operational mode simply because of the overhanging doubt of government stability.

This must be seen in the clearest of all perspectives so that we bring it to light. I put this statement to the House when Somare was in office for 10 years and the economy was stabilized. Did any Chimbus go hungry? Did any Morobeans die?

Mr Sam Basil – We live on our own strength.

Mr JAMES MARAPE – Of course you live on your own strength. That's the whole point. Just because Peter O'Neill is Prime Minister someone else will not go hungry or die or even suffer.

Some of us want to be Prime Minister but we must give this nation an element of political stability so that nation in totality is seen in maturity, is seen in stability and is seen in the perspective of investment as far as foreign investment is concerned.

Mr Speaker, you all to Finance and Treasury asking for money. If we don't present a stable environment there'll be no money for the development you want. There'll be no money for the development you want. It's simple as that.

And so Mr Speaker, I want us to see this from the clear light of where it is coming from. It is not about entrenching Prime Minister O'Neil into office. It is simply about giving a stable environment of doing government business and if this government is not doing its business in the half life of this Parliament, then you simply have that provision to remove this Government again and that provision still exist.

Mr Speaker, I thank the Members of this House, the Committee that does the review on all constitutional laws brought before it under the new Chairmanship which sat earlier this morning, you brought it into a clearer light and you made your assessments. I think there were some issues and we took it back for further discussions. The discussions

and consultations took place and I am happy to be a part of that process which consolidated the government through consensus.

Mr DON POLYE (Kandep – Minister for Treasury) – I touched on this point in the first reading and I'd like to say in addition to that I'd like to lay some concerns raised by the Opposition and some public commentators to rest by addressing some of the issues that we see as important from this side.

But, more importantly, like the Prime Ministers said, there were extensive consultations on this constitutional amendments and my Party has been a part of this consultation. We have it through, we have assessed the pros and cons of it and we are in support as I alluded to previously but I'd like to give some justifications to it.

Let's look at our own situation. Papua New Guinea as an emerging or developing country in the context of democracy, our democracy is vibrant; it is very, very strong. But it is one that is very raw and very young.

22/06

Democracy is yet to reach its full scale maturity down the line somewhere. Papua New Guineans will mould the democracy of Papua New Guinea through the Floor of Parliament and other forums in the country so that down the line you will see maturity in democracy being achieved by Papua New Guinea but it depends greatly on how we shape it here on this Floor.

What you see happening here through this proposed law is not very different to a previous organic law, the Organic Law of the Integrity of Political Parties and Candidates by a previous government that tried to guide development of a very mature, vibrant and quality democracy in Papua New Guinea.

What we are doing now is that we have given the stability for 30 months, a period that we would like to be very preoccupied with development and driving the development agenda of the country forward without being disrupted.

But the loophole there is, within that time frame if people do get out of hand then you have got a very easy way of causing political instability.

So what do we do? I think the wise thing to do is, let's give it more comfort, a comfort of a confidence that there is full stability to guide the development of a democracy on this Floor of Parliament and Papua New Guinea the way we are guiding it to develop by establishing political maturity and stability here on the Floor of Parliament.

And then that can also come down to the provincial level and also down to the local level governments which are the other tiers of government. So that is a focus on this area.

The other point that was raised by the Opposition and other critics on this issue is that what if you have a Prime Minister who does not think or that way or a government that has gone haywire, out of control and fails the purpose of development and has gone off track and is doing things that are not healthy for Papua New Guinea's future and the current time. That's a question they are raising.

But, look, I'd like us to look at what the government is doing, not just by this amendment but also overarching activities and tools that the government is now really starting to put in place.

Mr Speaker, what I am trying to say is, you look at every country in the globe. You look at the Caribbean, Africans, Europeans, and Asians, you will see that where there has been a mature level of democracy driven by a stable political regime or culture, there has been a consistent and progressive growth in the GDP growth and other economic indicators have been very positive all along.

There is no question about that, it is there. So it depends on how we capture that maturity of politics, leadership and democracy in Papua New Guinea and this is what we are doing from the government side.

But the other issue of what if the government is put on the wrong track, even after passing the law, we must balance that argument. Look at what the Prime Minister, the Deputy Prime Minister, the team and the government has done.

First of all you look at the issue of governance. Governance must be a tool that must go in line with the political stability that we are creating. And this Government is addressing good governance very strongly.

For instance, in the extractive industry we are not only reforming we are creating templates to making sure that Papua New Guineans, in the local or the national content is maximized.

We are creating a competitive environment where Papua New Guineans can say, look, I own this and that is mine so he will take ownership in driving that industry.

You have recently heard of the international extractive industry initiative that the O'Neil-Dion Government is taking. The move that the government is taking has been supported by the countries and economies worldwide. They are saying, that's good, Papua New Guinea you are moving in the right direction.

We've been transparent. We are saying we are now taking the challenges of transparency into the next level.

And you look at the funds we are creating, for example, the Sovereign Wealth Fund. Once upon a time we used to have funds portion coming out of the industries and spent without transparency, much less accountability.

Now, what you see the government is doing, as announced by the Prime Minister this morning in the Government Caucus is that there'll be legislations to guide us on how we save and preserve funds for the future for creating that sound resilient economy through the creation of a Sovereign Wealth Fund.

We will also be presenting an amendment to the Constitution to create the *Kumul Trust Consolidation*.

Mr Speaker, you've also heard the Prime Minister announce and legislation is afoot on ICAC. So you have stability there, we are not just saying we want stability and that is the end of the story, we are addressing also trying to address it through legislation.

23/06

We are also addressing the issue of good governance by ensuring that it is part of this stability so when you have political stability and good governance in place, you will find that the progress is positive and in the right direction.

Mr Speaker, the next thing we are addressing is effective implementation. The Prime Minister has mentioned that we have to improve and modernise the implementation mechanism of Papua New Guinea to making sure that what we put in the

budget and what we implement on the ground is to maximise and achieve those results intended when we spend the money.

Mr Speaker, you will see that in the next year's budget, one of the focuses will be to modernising Papua New Guinea's Public Service thus ensuring that we have effective implementation of government programs on the ground. That is how this Government's Budget will focus. So, we are also using that as a tool to making sure that we got stability there and you are also implementing in the right way to achieving that maximum growth.

The other point that I would like to make which must be also seen as a tool for supporting stability is independent prosecution law enforcement systems and fighting against corruption which is something that the Prime Minister is taking a lead. So if you say that what is the other side of the coin, I think the Prime Minister and this Government's focus is, we are addressing a collective issue on a rationale basis as to while free up stability. We must achieve that maximum growth that we have never seen Papua New Guinea achieve in the past.

Those instruments are in place to guide the Parliament and the Government to move in the direction we want to go so it is a move in the right direction. We should not cause concern to many and those concerns that were raised by many are valid comments and I don't think the Government will just ignore and dismiss those important comments. We will take note of them and we are addressing them in a very systematic and very strategic and practical manner.

Mr Speaker, I would like to give that confidence that we are moving in the right direction and Papua New Guinea is going to change but we must guide and develop the culture of politics, democracy and the style of leadership in this country to a mature level. We are starting to do this through the changes that we are doing but let's work together by applying these other tools that can guide us to ensure that we maximise because there's no point in changing if we cannot maximise the gains on the ground. The most important thing is medium term and long term gains that this country must achieve as a result of this stability because if other countries' economies are not stable, they will suffer. The Caribbean's are really suffering because they got very high debt level and the Africans have lost their focus. Even you will hear others that lose focus and lose their gains that they have gained over hundreds of years simply because they have lost their

stability in politics. In the Middle-East you see that happening while Papua New Guinea has a golden opportunity so let's do the right thing and dispel all those fears and concerns we have and contribute meaningfully by working together.

I also urge the Opposition to work together with the DSIP program. I think the Government and the Opposition should work on such common initiative and move forward. We may disagree on other issues but on the issues of commonality, I find us working for the same people and that is the level of maturity that we would like to achieve through this amendment.

Sir JULIUS CHAN (New Ireland) – Mr Speaker, I want to say that I support this amendment. I was very privileged to be consulted by the Prime Minister on these changes. I will support it because the Prime Minister is a person that I have voted him on the Floor of this Parliament but I did share my concern regarding changing the *Constitution* with somebody that I may not know.

I was concerned about this and I shared it with the Prime Minister who now declared that he will move up the number of votes to 75 or 76 to get the amendment.

24/06

If 33 per cent of Members sign to have a '*Vote of No Confidence*' the movement will have already started. As a result the Opposition will know the exact number who do not like the current Prime Minister to topple the Government.

Therefore, I would like to congratulate and thank the Prime Minister for reducing that required number for a '*Vote of No Confidence*'. I also believe that the honourable Prime Minister, Mr Peter O'Neill will resign if he does not get the mandate to pass the coming Budget.

Nevertheless, my question is this; what if the Prime Minister was someone else apart from honourable Peter O'Neill? Would he or she also resign? I am not saying this to swing any votes as I have already told this Parliament that I will vote for it. But if it was someone who refused to resign then the chances are minimal for a '*Vote of No Confidence*' because of the required number needed to give one month's notice.

Therefore, I would like to mention why initially it was 7 days, and the Grand Chief and Honourable Pias Wingti will know this. This was done initially because if it was too long, there would be too much political play and money moving around. If you give 30 days, that is too much time to play around to swing Members. That is why we squeeze it down to a 7 days- notice. Therefore, if a *'Vote of No Confidence'* was moved it was quickly done with within a 7 days- notice.

I would also like to say that we are not just confined to this Parliament as we have many different institutions that may also take sides. In 30 days when there is a *'Vote of No Confidence'* and just for argument's sake, you have one-third of the Members signing for a change but you still won't be able to change government for the next 30 days. In this case, what if the government institutions like the security forces start to take sides during the 30 days? The situation may become volatile. The period is long enough for them to organise themselves.

Also you will have allowed a lot of freedom for people who may have a lot of money to play around with. At this day and age money talks very loudly. They can just go and buy up all the Members. I am not for one moment trying to talk down on the integrity of the Members of this Parliament I am looking at this issue from a future perspective.

The honourable Treasurer and Minister for Finance were right to say that we have the experience of 38 years. But the success of this country's 38 years is not about the economic growth but the political stability within those 38 years. Also it is not the *'Vote of No Confidence'* but the successful transition of one government to the next government in peace. That is my interpretation of political stability.

Therefore, we will have to wait for the next 38 years to be able to compare it to the last 38 years. Thus, the success of the last 38 years in my view is not about the economy and all the other changes that are happening. It is the respect to the *Constitution* and the stability in the transition of power and that to me is the greatest success of those 38 years.

25/06

With that I would like to talk about stability because it has been talked about a lot. I would like to say that stability in itself can be a dangerous thing. Our Members here are for stability and this is great and I believe in their integrity. Let us look at some of the developed countries regarding stability in the last 30 years. For instance, these countries use the Parliament to legitimise stability following the Westminster System whether it was inherited from Britain or from the presidential fronts. But they use the Parliament to legitimise stability by getting rid of the Opposition and getting into dictatorship.

If you look at the African countries that is exactly where they are today and it is all in the name of stability. The greatest stability that we have here in this country is the integrity of the person in office. And I believe that the Prime Minister, honourable Peter O'Neill will do exactly what he proclaimed to this Parliament. Nevertheless, I cannot say the same for another person as well at this time.

I am just laying this on the Floor and it is up to each individual to have his or her own opinion about what I have said. Therefore, I believe what the Prime Minister said he will do but I cannot extend that faith to any other person.

I do not challenge our learned Attorney-General on his interpretation regarding the 63 days or 9 weeks. In those days our views on those 9 weeks was that you did not have to sit for every day. For instance, if you sit for one day in one week that whole week would be counted. I am subjected to correction. The interpretation of the Supreme Court was that those 9 weeks that they talked about was not sitting from Monday to Sunday. If you sit on Monday and you adjourn on Tuesday and come back the following Monday then that was taken as a week, thus, in principle 9 weeks was 63 days in a year. Once again, Mr Attorney-General, I am not in that level of argument in law but that was the reason the Courts made the decision regarding the 9 weeks and in principle 63 days in a year.

I think that we really have to actually confine ourselves more not only on the activities of Parliament but whenever we amend the *Constitution*. This is because the *Constitution* reigns and it is really not in the operation of Parliament. The Parliament must operate in line with the *Constitution* so whatever amendments we do the sovereignty of this nation is guided by the *Constitution*, so I am in support of this

amendment. This is because I have had the opportunity and privilege to talk to the Prime Minister.

Finally, I just want to add on here for every one of us to think about and maybe it is time for us to change the system from the Westminster System and get the people to vote for the Prime Minister. I am just throwing this in for us to think about. We should get the people to vote for the Prime Minister but the Parliament has the right to remove the Prime Minister. Therefore, when the Parliament removes the Prime Minister he goes back to the people again to get the mandate.

Motion (by **Mr Don Polye**) agreed to –

That the question be now put

26/06

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

The Proposed Law requiring a two thirds majority of 74 Members as required by the *Constitution*, Mr Speaker ordered that the bells be rung.

(Voting in progress)

27/06

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

AYES – 81

NOES – 2

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

Proposed Law read a third time.

MIDYEAR ECONOMIC AND FISCAL OUTLOOK
REPORT 2013 – MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE PAPER

Mr DON POLYE (Kandep –Minister for Treasury) – It is a great honour to present to the Parliament the 2013 Midyear Economic and Fiscal Outlook Report. The report was released on the July 31 2013 in accordance with the requirement of *Section 9* and *section 15* of the *Papua New Guinea Fiscals Responsibility Act of 2006*. The Purpose of MYEFO report is to provide updated fiscal information especially for the current financial year to allow the Parliament and public to assess development against those set out in the 2013 budget.

Mr Speaker the MYEFO report essentially covers central government’s fiscal operations in the government sector. The report is of international standard consistent with the cash reporting standards originally laid down in *1986 Manual of Government Finance Statistics* published by the International Monetary Fund.

Mr Speaker, I will now discuss the state of economy of Papua New Guinea and the contents of the 2013 MYEFO report. Briefly allow me to update Parliament on the state of the world economy.

Mr Speaker, in short the outlook of the global economy remain subdued and new downward risks have emerged in 2013 as reported in the IMF estimate update in the in the world economy. The world economy is projected to grow by 3.1 per cent in 2013, the same as rate as in 2012. This is a down reversion from the 2012 October world economic outlook of 3.6 per cent and 2013 April the world economic outlook of 3.3 per cent the result of slowing down of growth in the advanced and emerging market economies a prolonged Euro area recession and the possibility of the US economy slowing down in 2013 .

28/06

Mr Speaker, looking ahead to 2014, the world economy is projected to grow by 3.8 per cent up from the 3.1 per cent in 2013.

Mr Speaker, the concept of Papua New Guinea is general weakening because of global demand and dropped in commodity prices.

This has been driven by missed developments from the US economy in the first and second quarters of 2013. A slow in Chinese demand a continually recession in the Euro area and the supply is short to all inventories due to the on-going disruptions from the Middle-East political crisis.

The Speaker, the developments are impacting on every other economy in the region. Now, to the Papua New Guinea economy; Mr Speaker, despite the global economic growth outlook looking weak and slow, the Papua New Guinea economy continues to grow very strongly and confidence. It remains high with the major investments especially, the Papua New Guinea LNG project progressing uninterruptedly and on schedule for completion and delivery of first product.

Other parts of the domestic economy including mines continue to grow strongly with the commission of Ramu Nickel Mine in 2012 and further upgrades extracted in the major mines as development and aspirations continue.

Mr Speaker, adding to this development, the non mining sectors continued to deal with the positive benefits following through from activities associated with the PNG LNG Projects especially, in the construction, transportation, manufacturing, wholesale and retail sectors. This has been very strong growth in this sector this year as well as last year.

On the other hand, a number of factors have impeded growth in 2012 and this include the declining oil production at the major oil fields, the depressed agriculture prices, the negative impacts of the cocoa pod borer diseases and poor growing conditions for coffee.

Mr Speaker, the Papua New Guinea economy is expected to grow by 6.1 per cent in 2013 and upward revision from the 4 per cent projected at a time of the 2013 Budget.

Mr Speaker, it is a very good growth at positive outlook for PNG in terms of the GDP growth. This is driven by the ahead and expected stimulus effect of the increased government spending in the 2013 Budget and the on-going PNG LNG construction phase.

There were some criticism as to why the Government deliberately incorporated K2.5 billion deficit in the budget but, we did it to stimulate the growth and we have seen positive results of that. The fiscal stimulus expected to boosted activity in non-mining sectors notably the construction sector with spending on projects expected to pick up in the later half of the year.

It is observed that the small businesses to large entrepreneurs' are benefiting from these developments. The non-mining GDP's expected to grow to 5.5 per cent reflecting the injection of increased government spending from the budget supported by modest agriculture sector. With the construction phase of the PNG LNG project close to completion the implementation of 2013 Budget is expected to provide a timely boost to the general economy. This is expected to offset some of the loss in activity that is expected to dry up lowest spending anticipated from the project.

The growth of individual sectors as reported in the 2013 Mid-year economic fiscal outlook is as follows:

The Agriculture sector is expected to grow modestly at 2.7 per cent with on-going challenges including the cocoa pod borer weather and fuel prices on the world market. Production is anticipated to maintain at normal levels.

Mr Speaker, the construction industry. The construction is expected to be the main contributed to growth in 2013 with the spending from the budget anticipated to provide a timely boost as the impact of PNG LNG. The sector is expected to grow at 12.3 per cent in 2013.

Mr Speaker, the community, social and personal services is expected to grow at 7 per cent reflecting the direct and indirect benefits. And this is anticipated from the increased government spending.

Mr Speaker, the electricity sector, the gas and water is expected to grow at 7 per cent in 2013 driven by strong domestic demand.

29/06

With the Papua New Guinea LNG providing its own power the increasing demand from the growing economy is placing pressure on provider's capacity.

Mr Speaker on the other non-mining sectors including manufacturing wholesale and retail trade, transport, storage, communication and finance are also expected to contribute to growth, however not as strong as in the past due to the lesser impact of the winding down to completion of the PNG LNG project construction.

Mr Speaker, mining and quarrying sector is expected to grow very strongly at 20 percent driven by the ramping up or production of the Ramu Nickle and support by the expansion of other key mines.

Mr Speaker, finally oil and gas is expected to continue to decline in 2013 as reserves at major fields continue to be depleted. This economic activity decline in the sector is expected to offset some of the strong growth generated by the other sectors.

Mr Speaker, the total public debt is projected to increase to 32.7 percent of GDP at the end of 2013.

The current legislated debt limit is 35 percent of GDP and the Mid Year Economic Fiscal Outlook estimates exceed this debt limit in 2014.

The 2014 National Budget will consider the debt limit in its formation.

Mr Speaker, the Cabinet under the Prime Minister has already endorsed the Budget strategy paper for next year.

Mr Speaker, I am happy to report that jobs are continuing to be created. Papua New Guineas total employment has remained fairly strong over the past year in line with developments in the domestic economy.

The total employment grew by 5.5 percent through the year to the March quarter reflecting continued growth in the non-mining sector whilst employment moderated in the mining sector.

The strong non-mining sector employment is driven primarily by the strong growth in the retail, building and construction, manufacturing and wholesale sectors.

The recent decline in the mining employment reflects mainly the major mines looking at cost cutting measures for their operations following the fall in commodity prices and rising costs.

Mr Speaker, the inflation was projected in the 2013 Budget to be around 8 percent reflective of the Government's stimulus spending.

This has been revised down to 5.6 percent taking into account the low 2012 inflation outcome of 2.2 percent with global activities falling commodity prices low and stable inflation in major trading partner countries and the lack impact of the appreciation of the kina exchange rate.

Inflation is down to 5.6 percent from the projected 8 percent, which is good and looking positive. We need to continue to maintain a low inflation.

In 2014 inflation is expected to average around 6.5 percent reflecting the effect of the ongoing governments stimulus spending and expected pick up in global inflation.

Mr Speaker, the weakening of global demand has led to a collapse in price of Papua New Guineans major mineral export commodities in the first half of this year. This will impact on government revenues and on the balance of payments

The price of oil continues to be volatile and have traded on average around \$94 US dollars per barrel. This is below the oil price assumption in the 2013 Budget of \$103 US dollars per barrel while the copper price has traded around US\$7,537 per tonne and gold prices at US\$1522 dollars per ounce.

Mr Speaker, because of the outlook of the weaker demand commodity price assumptions were revised downwards. The 2013 MYFO reported that oil price assumptions has been revised down to US\$95 per barrel and that it about 8 percent below the Budget focus of US\$103 per barrel. Copper US\$7,385 per tonne is also another 8 percent below for the Budget focus of AUS\$847 per tonne and Gold US\$1412 which, is about 17 percent downward from the budget forecast of US\$1701 per ounce.

30/06

Mr Speaker, responding to the low inflation outcome in 2012 has highlighted earlier, the Bank of PNG has further eased its monetary policy stands in the March quarter to support economic dividends in mass economy as PNG LNG constructions slows.

And this is reflected in the interest in the kina facility rate being lowered to 6.25 per cent in the March and down 0.5 per cent points from 6.75 per cent and its expected to support lending to the private sector for economic activities. So the lending interest rates should be eased as per the regulatries policy then.

Mr Speaker, on the balance of payments the largest current account have experienced in 2012 is expected to improve in 2013, spending on the PNG LNG construction phase was expected to slow down as the construction phase 1 down while a rebound in production from major mines including the ramping up of production Ramu Nickel mine was expected to translated into higher mineral exports in 2013, does an improvement in the current account balance.

Mr Speaker, I now look to discuss the fiscal outlook report in 2013, it provides an interest into our budgetary position on how we are going relative to the 2013 Budget.

In summary 2013, the report outlines that the fiscal positions for 2013 is expected to be a deficit of K207.8 million which is an increase of K151 million compared to initial deficit of K2,549.1 million at the time of 2013 Budget and this is adds to higher than expected expenditure over run in the personnel emoluments combined with low expected revenue received.

Mr Speaker, total revenue in grants is expected to be lower than early anticipated at the time of the 2013 Budget and this revenue shortfall is estimated at K72.8 million whilst total expenditure and net lending is expected to be higher by K78.2 million from the 2013 Budget. Total revenue in grants for 2013, estimated at K10409.1 million which is K72.8 million lower than 2013 Budget estimate of K10481.9 million. This primary reflects the tax revenue by K98.1 million partially offset by stronger than expected non tax revenue of K25.3 million. Total expenditure and net lending is expected to be K13109.9 million, higher by K78.9 million from the 2013 Budget. Total recurrent expenditure is expected to be K7210.1 million.

Mr Speaker, total development expenditure was set K5899.8 million at the time of the budget. This was revised upward to K5899.8 million with K104 million transferred from recurrent expenditure out of the miscellaneous votes to fund LNG additional ministerial commitments, emergency funds for roads and bridges, district support improvement programs, monitoring funding for staff housing in University of Goroka (UOG) Jacksons Airport, landowner business development grant fund and the local business currency scheme. For the end of the year, development expenditure is expected to remain the same as the revised budget.

Mr Speaker, let me make it clear that this Government remains fully committed to its ambition program of ensuring the better delivery of services to the people of PNG. We will continue to deliver our major Medium Term Development Plan and the Alotau Accord Expenditure Commitments in 2013 Budget, including priorities such as Tuition Fee Free Education, outstanding memorandum of agreement commitments, key infrastructure such as roads and facilities for the 2015 Pacific Games and the new K1.5 billion annual direct investments in Provinces, Districts and Local- level Governments.

31/06

Mr Speaker, Risks to the Mid-year Economic and Fiscal Outlook. In every economy there are risks and Papua New Guinea is no exception. Internal drivers are the main drivers of the economic growth and currently they are generally positive and stable. The external factors cannot be ignored particularly, further movements in commodity prices and possible impacts of exchange rates moves.

Mr Speaker, the collapsed in prices of major mineral export commodities decline in oil production at the major oil field. The depressed agriculture prices and low production, diseases and poor weather condition and infrastructure related issues can affect the economic growth. It is therefore, important that we need to be careful in managing our revenues and spending them in the right area.

Mr Speaker, the significant change and fiscal policy as part of the 2013 Budget will require close monetary. It is very important that we do that. The challenge for the government is to maintain fiscal discipline through rest of 2013. The government must adhere to medium term Fiscal Strategy. The performance of borrowing and funding source will continue to monitor necessary adjustment made as and when required. Also given, the large expenditure envelope transparency, accountability and expenditure reporting is a priority of the O'Neill/Dion Government.

In conclusion, Mr Speaker, since the 2013 Budget, there has been an improvement private sector domestic conditions and worsening global conditions. Despite a week's global outlook, the PNG economy continues to grow strongly with PNG LNG construction phase and the government's fiscal stimulus dominating as the main drivers of the massive activity.

Mr Speaker, the 2013 Budget demonstrates the government's commitment to the growing economy and the future of Papua New Guinea. It also present challenge to the economic landscape and this needs to be carefully managed to ensure macro stability is maintained.

Mr Speaker, the record size of the deficit stands from the increase allocation especially, in the key enablers of education, health care and infrastructure needs to be planned and carefully implemented to avoid wastage. This reminds a huge challenge that agencies, line departments and all of the system phases will have to work through during the implementation of the 2013 Budget.

Mr Speaker, let me indicate at this earlier stage that the 2014 Budget looks as if it will be a tough one. We must ensure that we keep a fiscal policy that protects future generations by not going too far into debt. The current levels of deficit for 2013 and 2014 are just too high to sustain and we must reduce the size in future years.

The outcome of the final round of the economic parameter updates and fiscal projections will be incorporated in 2014 Budget and I will present it to Parliament in November. Finally, Mr Speaker, let me assure this Parliament and the people of Papua New Guinea that this O'Neill-Dion government is committed to the development of the nation. As a responsible government we will continue to monitor economic and fiscal developments and adjust to response as necessary for the benefit of our country and the people. Thank you.

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

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 1.20 p.m..