

SECOND DAY

Wednesday 13 November, 2013

DRAFT HANSARD

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SECOND DAY

Wednesday 13 November, 2013

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

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

Sitting suspended.

Mr Speaker again took the Chair at 10.18 a.m., and invited the member for Eastern Highlands, **Honourable Julie Soso** to say Prayers:

‘Papa God, mi laik tok tenkiu long dispel taim. Papa God, mi laik tok tenkiu long dispela honorobol Palamen bilong Papua New Guinea. Papa God, mi tok tenkiu long olgeta 111 Membas we, Papa God, yu yet kamapim mipela. Papa God, yu yet makim mipela long kamap lida bilong 7 milien pipol bilong Papua New Guinea. Papa God, mipela kam stap insait long dispel Palamen long diliberet long wanem samting em gutpela long ol pipol bilong miplea.

Papa God, antap long dispel, Papa, mipela mas mekim bisnis biong yu tu. Papa God, miplea mas kamapim plen na pepes bilong yu tu, na fulfilim tinging na laik bilong yu tu. Papa God, es elektet Membas na sapos mipela bin aburus liklik na miplea ino bihainim plan na laik bilong, Holi Papa, on bihaf long mipela 111 membas, mi tok sori.

Papa God, mi tok tenkiu long dispel taim we mipela ken kam bek long yu. Papa, mipela mipela rilai long yu na dipen long yu long strong na pawa bilong Holi Spirit bilong yu. Givim mipela wisdom na givim mipela noli, na Papa, givim mipela andastening long save long tinging na plen na pepes bilong yu for this wonderful nation. Na Papa, miple aken mekim olgeta wok mipela ken buhainim plen bilong yu na tinging na laik bilong yu.

Papa, long dispela taim tu mipela laik bungim tinging na wanbel wantaim. Amen.’

QUESTIONS

Mr SOLAN MIRISIM – Thank you, Mr Speaker, for recognising the people of Telefomin. I would like to direct my questions to the Acting Minister for Education.

Early this year there was a lot of talk about facing out Object Based Education (OBE) and that the Government would restore the old curriculum, Apart from that, there was also talk of government's policy for Compulsory Education. We are approaching the end of the year and next year will be another school year.

My questions are:

(1) Can the Minister brief the Parliament and the nation with regards to the Compulsory education Policy?

(1) Can the Minister also inform us how this policy is going to work?

Mr JAMES MARAPE – I would like to thank the Member for Telefomin for his very important questions pertaining to the Education Sector in our country.

Mr Speaker, the O'Neill-Dion Government is very serious about this issue and the Education Sector has received in the last 2 or 3 years, appropriations that depict the Government's seriousness in ensuring that the education sector receives the support they need. When the Government embarked on the Free Education Policy, it was to increase student enrollments in our schools against all the odds.

Mr Speaker, the statistics showed that the 2010 enrollments stood at around 53 per cent gross. Today, as a direct result of the Free Education Policy, the enrollment for the basic year of education stands at 74.8 per cent across the country. Therefore, that is the testament to the fact that the Free Education Policy is working.

Once again, and against many criticisms especially those that felt that the quality aspect would be compromised, the Government therefore has taken the bull by the horns and made a commitment to go down the compulsory education pathway.

Mr Speaker, as a former Education Minister, we need to submit a score card to the United Nations (UN) MDG Goals by 2015 and amongst them is the requirement for us to have 100 per cent UBE target to be met by 2015. Nevertheless, we are falling short but we are making our way towards that Universal Basic Education (UBE) ambition by 2015.

02/02

Compulsory education is another radical policy that O'Neill-Dion Government is now envisaging and embarking upon. Whilst there might be lack of space next year in terms of addressing all school enrolments, let me impress on education authorities. We don't envisage a total new enrolment in all layers of education system, we expect compulsory enrolment at elementary as the first intake of our Compulsory Education Policy for next year.

We are on target to make compulsory education policy work our OBE curriculum sector review has taken place and we have received the report two weeks ago from the independent team that was headed by the President of Divine Word University, Father Jan Czuba. The report has come in and Education Department is now taking on recommendations from the report. We are now assembling together a tailor-made curriculum that embraces the advantages of OBE as well as the advantages previous curriculum that we used and hopefully by 2015, we would completely have a curriculum that is tailored to contemporary needs of education in PNG.

Mr Speaker, let me assure this House that the O'Neill-Dion Government is in target as far as the education endeavour is concern. We want to give this country the education it deserves because it is our children's right to be educated.

Mr AIDE GANASI – Thank you, Mr Speaker. My question is directed to the Minister for Mining. Before I ask my question, I would like to give an insight on why this question has come about.

On August 30, 2012, Central Supply and Tenders Board, contract number 2425, was signed between Department of Mineral Policy and Geo-hazards and a nationally owned firm, Manton Group of Companies to procure a landing barge for the sum of K8 272 000 for the people of South Fly.

Mr Speaker, when I was out of Parliament, I heard rumours that the boat had been purchased and when I got reinstated on September 26, 2013, I decided to follow-up to locate the landing barge because it's been 13 months since the contract was signed. I consulted the Department of Implementation and Rural Development in October and I was advised that the payment was facilitated by the Department concerned.

Mr Speaker, I tried to contact the General Manager of the company but all my calls were unsuccessful.

(1) Can the Minister confirm whether the K8 272 000 was paid for the landing barge for the people of South Fly?

(2) Can the Minister advise us whether the barge has been purchased or is the barge under construction and if so, where is it being built?

(3) When will the people of South Fly receive their landing barge?

The trust did clearly state that all projects under the non CMCA funding must be initiated at the JDBPPC level. The South Fly District does not know about this project.

(4) Where did it originate from?

Mr BYRON CHAN - Thank you Mr Speaker. Thank you, Honourable Member, for your series of questions. I am aware of the boat that is in the process of being purchased by the Department. I believe that the proper procedures were being followed. I am unable to give the current status of the acquisition of the boat at this time, however, I would like to follow-up with the Department and those responsible and I will appropriately respond to him at a later date.

03/02

Mr HAVILA KAVO – Thank you, Mr Speaker, for recognizing the people of Gulf Province. My question directed to the Minister for Higher Education is in relation to students studying in Tafe Colleges in Australia. About 63 students are studying in Townsville Tafe College and another 63 in Cairns Tafe College.

Mr SPEAKER – Governor, who are you asking the question to?

Mr HAVILA KAVO – I am asking the question to the Minister for Higher Education.

Mr SPEAKER – I do not see the Minister for Higher Education here.

Mr HAVILA KAVO – I will redirect it to the Prime Minister instead.

Mr SPEAKER – Go ahead.

Mr HAVILA KAVO – There is a total of 63 students at the Townsville Tafe College. Many of these students are not studying together with other students from other parts of the world and even Australia. They are just a batch of students amongst Papua New Guineans. I had dinner with them last week because they invited me to talk to them about their concerns.

Mr Speaker, their concerns are; five batches have graduated so far but many of them are currently unemployed. Now, there are 63 students in Townsville and another 63 in Cairns. The program is not very helpful for many of our children there because they only study three days in a week and are free roaming the streets of Cairns and Townsville for the rest of the days.

The question is that, if these children graduate, they may have a problem of not being exposed to working in a practical environment. As a result, when they return to Papua New Guinea, they cannot find employment because they do not have practical experience. Can this program be run in the country instead of overseas so that we can save tax payer's money? Thank you,

Mr PETER O'NEILL – I thank the Governor of Gulf for his important question.

Mr Speaker, I remember this program very well. When I was the Treasurer, we made an allocation to fund thousands of young Papua New Guineans to attend Tafe Colleges in Australia, to acquire skills in vocational training, which will prepare them for job opportunities in the future.

I visited Townsville during a Chamber of Commerce Business Seminar sometime ago, and I met some of these students. Some of them were happy that they were given the opportunity.

Mr Speaker, it is a PNG Government-funded program, which has allowed our children to attend Tafe Colleges in various States throughout Australia.

Mr Speaker, if the Governor is correct, then that is a concern for this government to address. Right now, we do not have the capacity in some of our institutions in the country. But this is a good program and I think it is important that we work closely with the Australian Government and the major Tafe Colleges to accept our students.

The students will be receiving world recognized certificates at the end of their program so they will be available for open international markets where they can be able to find opportunities.

However, I will refer this matter to the Minister for Higher Education, the Director and Office of the Higher Education to take charge of the issues raised.

Supplementary Question

Mr JOE KOIM – Mr Speaker, living and tuition cost is around K90 000 to K100 000 per student. But there are other institutions in other countries like Philippines that are offering courses for K20 000 or more.

Mr PETER O’NEILL – I thank the Honourable Member for Anglimp-South Wahgi for his supplementary question.

Mr Speaker, I am not aware of the actual cost per student but I will ask the Minister and the Office of the Higher Education to provide a full statement on this program. This program was initiated because many of our technical colleges in the country were run-down and did not have the capacity to cater for the increasing number of students. As a result, the Australian Tafe Colleges offered places in their colleges so we took the opportunity to send our children there. We allowed them to attend colleges where they can acquire skills. We gave them an opportunity to engage with a wider global community to build life skills to become better citizens.

Mr Speaker, there are some advantages to this program so I will get the Minister to make a statement to Parliament.

04/02

Mr GORDON WESLEY – Mr Speaker, I direct my series of questions to the Minister for Fisheries and Marine Resources, and I ask the Prime Minister and his Ministers to take note.

Mr Speaker, I have only two simple questions to ask and before I ask them, let me enlighten the Minister and the Members of this Parliament to appreciate the root problem caused by the decision to totally ban the harvesting of beche-de-mer and the impact on the islands and coastal villages. This will help guide the Minister with the political will and responsible Government can make sound judgment and right political decisions for our people.

Undue hardships caused by the extension of the moratorium period have been unfairly imposed on our people and even has deprived their privileges for no fault of the people in Milne Bay Province.

Mr Speaker, Milne Bay Province is one of the many examples of the largest exporters of beche-de-mer in the country. The province has about 140 tonnes average quota annual export and not once has province gone below the quota. This shows that there was already a good care and sound stock management. This has been an important initiative by the local fishermen and the pioneer exporting companies established in the province for many years.

Mr Speaker, this was the situation until the National Fisheries Authority began to issue excessive and uncontrolled fishing licenses to both national and foreign groups and individuals without proper monitoring and close consultation with the Maritime Provincial Authorities unlike Milne Bay Province.

Many Maritime provinces have lost all their dry marine resources in the past because of such irresponsible and unacceptable practices by the National Fisheries Authority. This is the root cause and why the moratorium on the harvest and export of bech-de-mer was imposed on all the small vulnerable fishermen and their families in Milne Bay Province.

(1) Can the Minister, since there is no specific scientific evidence, proof or report presented on the Floor of the Parliament, justify the need for extension of the moratorium?

(2) Can the Minister confirm or deny that Milne Bay Province is the only province in the country that has the beche-de-mer stock and is home to some of the remaining endangered species in the country, and that NFA is deliberately using the moratorium as a cover up of their past blatant mistakes and failures in order to fully stock up the nations ailing fish stock at the cost of innocent and struggling fishermen in Milne Bay Province?

(3) Can the Minister inform this Parliament and the nation of the future of the beche-de-mer industry and give an alternative plan for the people of Milne Bay, in particular the people of Samarai-Murua and the district sharing common boundaries in Milne Bay Province to compensate the loss of income and hardship the fishermen and their families have endured since the total ban was enforced?

Mr Speaker, to keep the family members from unemployment and control urban drift which lead to social and law and order problems, will the Minister consider the following options?

(1) Lift the moratorium this year and allow for three months of harvest once every year as a trial test and reduce the quota by 50 percent subject to annual review.

(2) If the moratorium is not lifted, how about offering social security to all the fishermen and their families including free education and free health services to compensate the loss of income and lack of social benefits in the past?

(3) Create alternative economic incentives in the form of investment opportunities in the gas and oil development, mining or fund projects such as fish processing and marketing outlets of the fish products and for those families that have been affected.

(4) Can the Minister and his department stop sending their enforcement agencies to Samarai-Murua and arresting my people and putting them in jail?

Mr MAO ZEMMING – Mr Speaker, I thank the Member for his series of questions and alternative plans. These questions were asked in the last Meeting and he has chosen to ask them again.

Mr Speaker, the decision to ban the harvesting of sea cucumbers is not a political decision. The sea cucumber is rare and it is one of those species that does not reproduce overnight. This ban is a scientific decision where a thorough research was carried out in regards to our marine resources.

05/02

Our people have conducted a research and found out that it won't happen immediately but it will take time. I agree with the Member by saying that, yes, I allowed them to get licenses in harvesting the sea cucumber and we are running short of sea cucumbers not in PNG only, but around the world as well. That's why most parts of the world are banned from harvesting sea cucumber.

I quite agree with the Member's question in relation to the mentioned electorates in Milne Bay. That's one business where people earn their income from. Unfortunately, it's difficult to lift the ban because we are now in the fourth year.

Mr Speaker, it's a very complicated question asked by the Member because it's not a political decision; it's a decision made by the research team based on their findings. It's very hard for us to lift the ban and if we do, our people will quickly step in and harvest the sea

cucumber. The decision has been made for six years and we are into the fourth year now. I know that this decision has really affected the livelihood of our people there because it is one way of making money. But that shouldn't be the only way to make money; elected leaders must step in and assist by providing them with other incentives so that they can survive. For instance, our Government has made a good decision in allocating K10 million to each districts. And also the Government has lifted the big burden by introducing Free Education. That decision was not a political decision but it's a scientific decision and that's the best advise we can get from our agencies. They are there to advise Parliamentarians. We must follow the rules and regulations for the benefit of the future generations and not only for today.

In relation to his other question on officers from National Fishery Authority who went and threatened the local people there; yes, I will personally go to his district and try to resolve this issue with the local people there.

Supplementary Question

Mr FRANCIS MARUS – I thank the Minister for his good answers

(1) When the moratorium on beche-de-mer comes to an end, will licenses be awarded to the same people?

Mr MAO ZEMING – I thank the Member for Talasea for his supplementary question.

Yes, this issue is serious and shortly I will present to Parliament a report concerning this whole issue.

Mr SPEAKER – I won't allow any more supplementary questions.

Mr NIXON MANGAPE – I want to direct my question to the Minister for Mining. You have written to the Ipaitai landowner group informing them that exploration license was issued to them.

06/02

I believe, recently, the O'Neill-Dion Government released an exploration licence to Summit, but there is still some confusion regarding Mount Kare.

(1) Can the Minister tell this Parliament, the people of PNG and people of Lagaip-Porgera who is the licensed explorer to explore gold in Mount Kare?

In regard to Porgera Gold Mine, Barrick operations at the Stage Five and Stage Six, yet, there are people living at the foot of the mine including myself. The lives of the people are at risk. I believe this is against the International Mining Laws.

(2) Can the Minister advise this Parliament and the people of Lagaip-Porgera and PNG whether it is safe to live within the mining zone?

Mr BYRON CHAN – Mr Speaker, in regard to the Member's first question concerning Mount Kare, in which he stated that I wrote a letter to the Landowner Company called Ipaitai to be granted an Exploration License 1093, I wish to inform this Parliament and the honourable Member that this letter was not to authorise that company to give them license. However, the License for the Exploration of Mount Kare was issued by the Mining Council through the normal process. The license has been given back to the same company called Summit that is operating in Mount Kare. If the Ipaitai Landowner Company is saying that I have given them a letter authorising them to explore, it is not true. In regard to the letter, I basically advised them to support the exploration company that is currently operating in Mount Kare.

Mr Speaker, concerning Mount Kare, I have attached ten (10) conditions to benefit the landowners or the people because after 25 years, nothing tangible has occurred and they want to see development in Mount Kare. It is a very important concern because many young people at the time of the mining exploration are now getting old and they want to see development before some of them get to be too old and die.

Thus, I have consulted them and put all the landowners groups together, including Ipatai to cooperate and assist with the exploration company that is in Mount Kare. The licence is with Summit and I encourage them, the landowners and the associations to cooperate with the company for some outstanding issues regarding equity and landowner benefits.

In regard to his second question on stage five and stage six where Barrick is doing mining activities in Porgera, I wish to inform the Member that people are actually residing on the mining

lease area. They are not supposed to be living there. The Government and the company had been advising people to move. But at the same time, the National and provincial governments and the company, under the current MOA, are looking at developing a resettlement programme. In fact, we are trying to fast-track the resettlement because the safety of the people living there is eminent.

However, I believe those people who are currently residing there is okay but it is up to the company to come out and clearly let the people know that they have to move because it is against the law and they are residing on the mining lease area.

Mr Speaker, I see that the people living there are currently safe but it is better for them to move out of the area because mining activity is risky.

Honourable Member, I need to get clarification on these Stage Five and Stage Six developments. If these stages are going to affect the people who are living on the lease areas. I will ask the company to give me the immediate review with the brief and I will advise you accordingly.

07/02

Supplementary Question

Mr FRANCIS POTAPE – My question is in relation to the continuous granting of exploration licenses which is not good for the landowners and for this country. We need to stop somewhere because I think some of these companies are stealing gold by using the exploration licenses.

They seem to be drilling in the same spot that a previous company has been drilling. Can the department come up with a policy to determine the life of an exploration license? And if there is another exploration company licensed for the same area; can they be given a different location to drill?

If they can't find gold in Mt Kare, maybe they should just pack up and leave.

Mr BYRON CHAN –Thank you, Mr Speaker, and the Member for Komo-Magarima for your questions on the issuing of exploration licenses.

My department and I are aware of the issue and we are working on reconsidering the issuing of licenses for exploration; however, the current economic climate goes against our best intentions. For an advance mine like Mt Kare, we have taken that into consideration, after 25 years of exploration and have tied conditions towards the renewal of the license.

This means that after 25 years, they have applied for renewal and we have given them 10 conditions which force them to come up with development plans and go into possible mining. And because of these times where prices of gold and copper have fallen, the current company that has an exploration license for Mt Kare is unable to develop the mine as proposed.

Mr Speaker, we have feasibility studies for the development of the mine and the company has best intentions to develop that area but due to the current conditions where the world economy has seen a decline in the price of copper and gold, the company did not invest. However, they did advise us that they will invest up to K60 million for the next two years, to prepare it to go into mining and hopefully the prices will be alright for the mine to be developed.

We are also aware of all the other exploration licenses around the country and we are considering and scrutinizing all exploration companies according to their capacity to fulfil their work development plans. We are not issuing licenses unnecessarily and we would like to encourage a lot of Papua New Guinean companies to go into mining but otherwise everyone is being treated fairly.

Mr Speaker, they must have the capacity and fulfil the obligations under the mining licenses and if they don't, the licenses are not issued.

Mr SASINDRAN MUTHUVEL –Mr Speaker, I would like to ask my question to the Treasurer, but before I do I would like to refer to an amendment made by the Treasurer on *Inter-Government Relations Act* in 2009. By amending this Act, the Provincial Governments were stopped from making additional revenue from varying additional taxes.

08/02

The Australian Government has assisted the West New Britain Provincial Government to set up its taxation system for Alcohol and cigarettes; 20 toea for a bottle of beer and 3 toes for a stick cigarette and we generated about K6.3 million annually.

This system was established in 2012, and when I came into Office in 2013, the IRC wrote to us advising us that if we continue to collect these taxes for alcohol and cigarettes, they will stop the 60 per cent GST contribution to the Province.

Can the Treasurer make an amendment to the *Inter-Government Relations Act 2009* to allow the provincial governments to collect small taxes on alcohol and cigarettes?

This is something that I feel is not right with the provincial governments under the Organic Law because we have a right to also collect taxes.

Why is the National Government trying to stop the provincial governments from collecting taxes thus trying to protect the rights of drunkards? The sales of these products have not gone down as a result of the taxes, instead, they have increased. So, there is no reason why we feel sorry for the business houses or people who want to drink and smoke.

Mr DON POLYE – Mr Speaker, I thank the Governor of West New Britain for his question in relation to tax. In fact, I have brought this amendment because it was the Government's desire that business must prosper in the provinces with no impediments. I only allow small tax for alcohol and cigarettes but I receive many letters from the Governors like the Governors of West New Britain and Milne Bay regarding this policy, and that they want to implement their own taxes. I said that we will only remit GST to provinces who are not doing this because the National Government is already collecting overall taxes from these commodities and the companies involved.

But when the provincial governments charge another tax from the same companies at the provincial level that we have already taxed, then it is like we are double charging them on the same business they are doing. So, I said that the National Government will give to the provinces the value of GST they collect in their provinces but if provinces want to charge taxes themselves then the National Government will hold back the GST. This is the position that I will establish.

It will be similar in the next budget but its intention is to grow business activities in the provinces and I don't want us to double charge the businesses. If we charge them on GST then we will give to the provinces the similar amount of taxes they are entitled.

In the case of West New Britain, the National Government is giving them the GST it has collected but if they want to collect taxes themselves then the National Government will forfeit

them from the overall GST it has collected. So, this was the idea I had in mind when I implemented the tax policy and the amendment is still in place.

But if businesses in the provinces are growing and if they want to collect their own taxes, we can always discuss this idea but at this point in time, I want to say that I still stand on the decision that we have made before and I believe that common tax is a good idea.

Mr ROBERT GANIM – I direct my question to the Minister for Community Development, Honourable Loujaya Toni.

09/02

Mr Speaker, on the front page of a July edition of the *Post-Courier* there was a headline which read, poverty on the rise in Papua New Guinea, and page two of the same paper depicted people who sleep on the streets of Port Moresby.

Last month there was another article in the same media about child prostitution in the country. *EMTV* actually did better in their coverage of sexual abuse of children in Lae.

To make it worse, there are a lot of beggars, especially disabled beggars in many urban areas such as Port Moresby, Mt Hagen and Lae. One common sight in Port Moresby which all of us have noticed is that there is a father who has taken his son as his apprentice and is showing his son how to beg on the streets of Port Moresby.

Mr Speaker, this is just the tip of the iceberg but the real situation in the country is quite frightening. And I think the Parliament should seriously look into this social issue.

Mr SPEAKER – You are entering into a debate, please ask your question.

Mr ROBERT GANIM - Mr Speaker, my series of question to the Minister are:

(1) What extent has the Department of Community Development gone with the development of a Social Protection Policy for Papua New Guinea?

(2) By how much will it cost the country to create and operate an effective Social Protection Policy?

(3) Do we as a country have the capacity to fund and operate a Social Protection Policy?

(4) How soon can this country take this road on social protection?

(5) What are the implications if Papua New Guinea is to have a functional Social Protection Policy?

Ms LOUJAYA TONI – Thank you, Mr Speaker. I'd like to thank the honourable Member for raising a series of very important questions.

The Government will soon announce the Social Protection Policy. We are working together across respective departments, not just Community Development but also National Planning and Treasury to ensure the Social Protection or Social Security prospects for the elderly and disabled are budgeted for implementation purpose next year.

I'd also like to take this opportunity to appreciate our church partnership where the honourable Member in his preface mentioned sexual abuse of children, beggars on the streets and so on. The church partnership programme is better able to assist us in addressing these other issues.

But, particularly where my department is concerned, I would like to give credit where it is due, Mr Speaker, the previous Minister who held this portfolio, Dame Carol Kidu and the team of technical experts who had worked with her in the department.

There was a technical team that had been tasked, under the former Secretary Joseph Kliapat to come up with a very comprehensive package for social security.

We have not re-invented the wheel, Mr Speaker, we've taken that social security submission to the NEC at the beginning of this year. And then for some reason, it was withdrawn from NEC so that some factors can be factored into it.

So I am very happy to announce to our honourable Member that we now have a complete social security submission for NEC.

We are looking at factoring the Budget for that and securing the money with Treasury for its implementation as one of our priorities in government.

10/02

In a nut shell, that is the extent that we are prepared to go through.

The honourable Prime Minister has mentioned social security policy in his various addresses throughout this year. While our partners have suggested for women and children, we are going to begin with the elderly and disabled.

How much this is going to cost this country, well, until when we consolidate on our data and that this is still a cross-cutting issue in this country because data has always been an issue. Nevertheless, with what we have so far, we will run with it until the implementation is funded in the 2014 Budget.

We will also build on our capacity and we are as good as the partnerships that we have with the Civil Society, Churches and the line agencies. All these will all be implemented in the year 2014.

Thank you, Mr Speaker, and the Member for asking that question.

**AUDITOR-GENERAL OF PAPUA NEW GUINEA – REPORT
OF THE AUDITOR-GENERAL – PART II, 2011 – PAPER –
MOTION TO TAKE NOTE OF PAPER**

Mr SPEAKER – I present the following Paper pursuant to Statute:

Report of the Auditor-General – Part II, 2011

Motion (by **Mr Ken Fairweather**) agreed to –

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

**AUDITOR-GENERAL OF PAPUA NEW GUINEA – PERFORMANCE AUDIT
REPORT NO. 01/2012 – ACCESS TO SAFE DRINKING WATER IN
THE NATIONAL CAPITAL DISTRICT – PAPER –
MOTION TO TAKE NOTE OF PAPER**

Mr SPEAKER – I present the following Paper pursuant to Statute:

Report of Auditor-General –

Performance Audit Report No. 01/2012 –

Access to Safe Drinking Water in the National Capital District.

Motion (by **Mr Ken Fairweather**) agreed to –

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

**AUDITOR-GENERAL OF PAPUA NEW GUINEA – REPORT ON THE
ORGANIC LAW ON CERTAIN CONSTITUTIONAL OFFICE HOLDERS
AND SECTION 27 OF THE AUDIT ACT, 1989 – PAPER –
MOTION TO TAKE NOTE OF PAPER**

Mr SPEAKER – I present the following Paper pursuant to Statute:

Report of the Auditor-General –

Report of Auditor-General on the Organic Law On Certain
Constitutional Office Holders and Section 27 of the *Audit
Act, 1989*.

Motion (by **Mr Ken Fairweather**) agreed to –

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

MOTION BY LEAVE

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

Leave granted.

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

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

That so much of the *Standing Orders* be suspended as would prevent Notice Nos. 91 and 92 of Government Business this day being called on forthwith.

11/02

**CONSTITUTIONAL AMMENDMENT (INDEPENDENT COMMISSION
AGAINST CORRUPTION) LAW, 2013**

First Reading

Bill presented by **Mr Peter O'Neill** and read a first time

Mr SPEAKER – In accordance with *Standing Order 222a* and the practice of Parliament, the Proposed Law now stands referred to the Permanent Parliamentary Committee on Constitutional Laws and Acts and Subordinate Legislation.

**ORGANIC LAW ON PROVINCIAL GOVERNMENTS AND LOCAL LEVEL
GOVERNMENTS (DISTRICT DEVELOPMENT AUTHORITY)
(AMMENDMENT) LAW, 2013**

First Reading

Bill presented by **Mr Peter O'Neill** and read a first time

Mr SPEAKER – In accordance with *Standing Order 222a* and the practice of Parliament, the Proposed Law now stands referred to the Permanent Parliamentary Committee on Constitutional Laws and Acts and Subordinate Legislation.

**NATIONAL ICT POLICY (2008) –
MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr JIM MIRINGTORO (Central Bougainville – Minister for Communications and Information Technology) – I seek leave of Parliament to make a statement on the status of activities of agencies within my portfolio.

Mr Speaker I commend my colleague Ministers who have already made major policy statements that will guide Ministries and the Departments over the next five years.

Mr Speaker, Communication is an important tool for development in this country and the priority the O'Neill-Dion Government has placed on this sector is high in our medium long term plan for our country.

This Government has embraced the National ICT Policy 2008 to implement necessary ICT reforms to enhance competition in the telecommunications sector. This is the premise on which the National Information and Communication Technology Authority (NICTA) continues to operate to ensure that effective and sustainable competition prevails in the industry.

Mr Speaker, the ICT sector has undergone major transformation, moving from a monopoly regime to a more competitive one.

This also led to the issuance of new mobile telephone licences in March 2007, notably Digicel PNG Ltd and GreenCom.

The *NICTA Act 2009* has enabled the establishment of NICTA as the sole ICT regulator, replacing PANGTEL. The telecommunications regulations that were earlier vested with the Independent Consumer Competition Communication (ICCC) were transferred to NICTA, when it came into operation in October 2010, taking full responsibility for the regulation of the ICT industry while ICCC maintained the general competition rules. Since 2012, NICTA has continued the complex process of implementing the new legal and regulatory regime for the information and communication technology sector.

These include;

- Development of additional rules and procedures through transparent consultative process to support and give effect to key aspects of the new licensing and regulatory regime,

- Conduction a series of public inquiries for the declaration of the wholesale services to make the supply of such services subject to regulation under the national *ICT Act* as well as for retail service determination for the protection of customers and the regulation of the pricing of retail services;
- Provision of advice to licences on the effects and expectations of the new regulatory regime and
- Development of the capabilities and the resources of the NICTA organisation in preparation for future policy and regulatory challenges.

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Mr Speaker, many of these activities are quite complicated as they involve NICTA administering new legal provisions, using new legal powers and introducing regulation in complex markets.

However, NICTA's primary objective has been to get things right and we intend to complete major projects more quickly in the future.

This is so because we now have in place a solid foundation of rigorous and transparent consultative and regulatory processes, as was envisaged under the *NICTA Act 2009*.

Furthermore, licensees and other stakeholders are becoming more familiar with the new regulatory regime and the new obligations and processes, which should also help improve the timeliness of future projects.

Mr Speaker, the Retail Service Determinations (RSD). NICTA completed a public inquiry into retail prices in the mobile telecommunications sector last September, and based on NICTA's recommendation, and as the Minister responsible, I made a Retail Service Determination that caps the level of on-net/off-net price discrimination by Digicel.

Mr Speaker, Wholesale Declarations on International Connectivity Service. NICTA also completed a public inquiry into the potential declaration of wholesale access services relating to international telecommunications capacity services early this year. Based on NICTA'S recommendation, and as the Minister responsible, I declared certain wholesale services relating to access to submarine cable landing station facilities and transmission capacity on international submarine cables as declared services.

Declarations of these wholesale service guarantees non-discrimination and cost-based prices.

NICTA's recommendation followed a six-month public inquiry which found that Telikom had a monopoly in the market for wholesale capacity on, and access to, international fibre optic submarine cables.

The inquiry also found that Telikom's dominance in that market was potentially harmful to the development of competition in many other telecommunications markets, including the retail market for broadband services.

Based on the experiences of other countries that have imposed similar regulatory obligations on submarine cable landing stations, the recommended service declaration should eventually result in:

- Lower prices for international communications outgoing from PNG;
- Increased international bandwidth;
- Greater utilization of existing international capacity and increased investment by Telikom as a result of increased demand.
- Faster market growth via increased traffic and use; and
- Material contribution to economic growth.

NICTA is currently undertaking public inquiries into the potential declaration of certain wholesale services in the mobile telecommunications markets, in particular the domestic mobile roaming services and facilities access services associated with mobile network facilities as envisaged in Section 131 of the Act.

The inquiry is expected to be completed by the end of this year. NICTA will only consider a wholesale service against the declaration criteria if the relevant wholesale market is not found to be effectively competitive that is, if there is one or more participants in that market that have significant market power (SMP).

Where SMP is found to exist, consistent with international regulatory best practice, only the supply of the relevant wholesale service by the licensee with SMP will be considered for declaration.

NICTA has also reviewed 80 per cent of the old PANGTEL Technical documents (Standards, Specification Guidelines) in order to align them to be consistent with the new legislation and new technological changes.

Mr Speaker, draft regulation on mobile phone sim card registration. In accordance with Section 216 on Regulations and Section 229 on Public Consultation of the *NICTA Act 2009*,

NICTA has concluded the public consultation process on the Draft Regulations for compulsory registration of Subscriber Identification Modules or sim cards.

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The proposed gives effect to Section 266 of the Act on the proper use of ICT services. The regulation on the compulsory is registration of sim cards expected to come into effect in 2014 and is intended to address the uncontrolled sale of pre- activated sim cards amidst calls from relevant Government Authorities to take actions on the alleged use of mobile phones in carrying out illegal activities from mobile operators to eliminate unanimous mobile phone users.

This regulation should go a long way in assisting law enforcing activities public sectors and protecting national security.

Mr Speaker, so far NICTA has taken an active step to promote competition and market over the last 18 months, by undertaking a public inquiry into retail mobile services. As a result the dominant operator revised a number of its tariff to reflect a more competitive pricing model.

NICTA pre competitive stance has further caused mobile operators to review the Interconnection Agreement, which resulted in a new interconnection rates agreed between mobile operators in June this year. The new rates represent a reduction by up to 40 percent from the previous rates. Consumers and businesses will eventually benefit from these changes.

Licensing of additional operators and service providers will continue to promote competition with potential benefits to consumers in terms of choice, reduced rates, innovative services. Any company or entity can apply for license to provide ICT service in PNG. There are no restrictions on the number of licensee for any service. The number of licenses can only be constrained by the availability of spectrum and numbering resources.

Also granting of additional spectrum rights to Digicel and Telikom particularly will lead to further roll out of new and innovative service by mobile operators. Apart from implementing the Governments open competition policy through licensing, NICTA also seeks to improve competition through regulation of wholesale prices and the establishment of appropriate pricing principles as required by the Act as stipulated.

NICTA, also conducted a number of public inquiries including the current inquiry into considering the potential declaration of certain wholesale mobile telecommunication services in particular the domestic mobile roaming services, facilities access services associated with mobile

network facilities as envisaged in *Section 131* of the *Act*. The current numbering resources particularly mobile telephone numbers are adequate to meet the growing demand for the mobile services. NICTA continues to monitor market development and will take appropriate steps if necessary to ensure that numbering resources meet the demand.

Mr Speaker, let me further briefly outline other impact activities taken by NICTA in conjunction with my department. In recent years NICTA has facilitated a satellite based Rural Internet Connectivity System (RICS) at various locations in PNG. Much of which have stopped operating due to non-payment of bills or equipment faults.

NICTA has since made payments and reactivated five of the existing sites for the period of six months. Arrangements are being made to restore the other sites.

Mr Speaker, in regards to the Rural Communication Project, NICTA and the Department of Communication are jointly implementing this project through a \$US15 million seed capital from the World Bank. The Papua New Guinea Government also allocated K1 million.

The project will involve the provision of all voice telecommunication service to rural communities and to be awarded through competitive and public bidding process. This has taken place already.

The project will also enable up to 60 internet points of access or community tele-centers in selected districts throughout the country.

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Mr Speaker, of the total funding, around \$US 1.0 million was earmarked for technical assistance for NICTA to develop the Universal Access Scheme (UAS) regulations, management, monitoring and general regulatory advisory assistance.

Under the revised scope, the voice demonstration projects is allocated \$US7.3 million, while the Internet Access sites for the selected Districts will receive \$US5.5 million funding.

My Department was given \$US500 000 to engage a Telecommunications Policy Advisor to build capacity within the Department and guide the project implementation.

The final report from this engagement is now with the Department and I intend to bring a NEC submission to Cabinet to implement its recommendations.

Mr Speaker, the Government has adopted a Universal Access Scheme (UAS) to ensure communication services are made accessible to areas that were initially deemed commercially uneconomical by operators.

This forms part of the Governments overall Community Service Obligations (CSO) in the ICT sector.

Amongst the UAS Secretariats key priorities is the creation of a funding mechanism through Public Private Partnership (PPP) to subsidise service providers to roll out internet access and voice access to the uneconomical rural areas.

This includes developing detailed provisions for the establishment of the UAS fund, including institutional arrangements, financial management and the imposition of 2 per cent levy on operators.

Mr Speaker, I am happy to announce that this levy will shortly come into force within the next three months to start levying operators to help bridge the digital divide that exists in PNG today.

This fund will be managed by a board, which will consist of NICTA Chairman, Secretaries from Communication, Treasury, Finance and National Planning Departments and private sector representative as Members.

This Board will also be installed shortly to begin its work.

Mr Speaker, there is a need for a Broadband Policy for PNG. As the nation progresses, we are confronted by numerous developmental challenges like poverty, climate change, natural disasters and access to basic health and education services.

Fortunately, we also have tools that can help us meet these challenges, utilizing broadband access to Internet.

We must take full advantage of this technology, where Government can translate opportunities associated with broadband into enhanced and improved delivery of goods and services.

The experience of many developed and developing countries show that broadband offers many opportunities, including;

- Promotion of economic and social development
- Enhancement of productivity and competitiveness in the global market
- Job creation and new business opportunities

- Raising rural income in developing countries
- Promotion of gender equality and empowerment of women; and
- Creation of knowledge based society

Mr Speaker, to guide the development and usage of broadband, we need a National Broadband Policy.

I am happy to report that my department and NICTA, with the assistance of the International Telecommunication Union (ITU), has completed the National Broadband Policy which I will shortly table in Cabinet.

Since last November, two experts from the ITU have provided technical assistance to PNG that has included the facilitation of industry, operator, regulator and stakeholder workshops to formulate the first draft policy.

Again this year, they visited PNG and conducted a second workshop in May to solicit more stakeholder comments on the draft policy.

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Digital TV Broadcasting Migration

Mr Speaker, let me draw your attention to another key impact project my Ministry, together with NICTA has responsibility. This is the switch-over from analogue to digital TV broadcasting by 2017 as required of all countries around the world.

As a responsible government, we will ensure PNG is not left behind and unfairly disadvantaged by advances in ICTs, in particular TV broadcasting.

With the advent of digital technology, it is now possible to transmit analogue TV signals by digital means similar to those signals of cellular mobiles.

Key advantages of digital TV Broadcasting are to improve the quality of picture and sound, increase viewing choice and add inter-activity.

Mr Speaker, with the assistance of the ITU and the Korea Communication Commission (KCC), NICTA conducted two workshops on Analogue to Digital Terrestrial Television Broadcasting which led to the establishment of the National Roadmap Team (NRT), comprising stakeholders and my department.

The outcome of these consultations was the development of the roadmap document, specifying relevant aspects of the migration from analogue to digital switch over, including the

time frame to complete the process and the formulation of enabling government policy to facilitate the process.

Cybercrime Policy and Legislative Framework

Cybercrime is criminal activity done using computers or network of computers and the internet. This includes anything from downloading illegal music files to stealing millions of dollars from on-line bank accounts.

Cybercrime also includes non-monetary offences, such as creating and distributing viruses on other computers or posting confidential business and information on the internet.

Perhaps the most prominent form of cybercrime is identity theft, in which criminals use the internet to steal personal information from other users. While computers and the Internet have made our lives easier in many ways, it is unfortunate that people use these technologies to take advantage of others.

Mr Speaker, cybercrime include:

- Confidentiality, integrity and availability of computer data which can include access to data, illegal interception of computer data, illegal data interference, and illegal data acquisition;
- Content related offences like child pornography, spam and harassment using electronic communication devices;
- Copyright related offences; and
- Computer related forgery using ICT devices.

Mr Speaker, the O'Neill-Dion government is aware of the growing trend of this type of crime, which is increasingly becoming prevalent in Papua New Guinea.

As the dynamic of ICT grows, we need policies and legislation to address the challenges to fight cybercrime.

Mr Speaker, NICTA and the Department are addressing this problems by formulating policy which will address cybercrime as a matter of national interest.

A working committee that also includes the State Solicitor's Office and the National Intelligence Organisation is currently working on a national cybercrime policy.

National Radio and Television Service

Mr Speaker, let me now turn to public broadcasting and highlight some of the challenges and opportunities of the National Broadcaster, the National Broadcasting Corporation.

Presently, the NBC is operating in an environment where broadcast equipment and facilities have deteriorated, due largely to the lack of planning for capital improvement to provincial radio stations over numerous years.

Issues surrounding this lack of attention is two-fold.

Firstly, it is the lack of co-operation by many provincial governments to provide operation and maintenance finding support to the respective radio operations as stipulated in the 1995 law on the transfer of functions to provinces.

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Mr Speaker, some provinces including East New Britain are funding the station through their budget. This kind of co-operation must continue in order for provinces to embrace radio and television as a tool for communication and empowerment of our people.

Secondly, there has been lack of foresight on the part of the management of NBC to adequately expend K21 million allocated in 2007 for the radio infrastructure rehabilitation. The Auditor-General's office is now looking into the NBC books and subsequent expenditures over the last five years.

Mr Speaker, I have tasked the new NBC board to take stock of the setbacks and move quickly to provide a clear direction on the rehabilitation of rundown transmitters and radio infrastructure throughout the country. Further funding request by NBC will have to factor a definite scope of works and well-costed plans to avoid a repeat of past trends.

On the National Television Service; NBC has managed to maintain the Kundu 2 operations by utilising recurrent expenditure earmarked for National Radio operations since its inception in 2008. Although the Cabinet approved a funding of K27 million to finance the establishment of the television network, to date this money has never been allocated and expended.

Mr Speaker, instead K7 million for radio rehabilitation was used to launch Kundu 2 and a funding gap of K35 million is still outstanding payments to roll out the television service to most

parts of the country. Despite this short comings, NBC has rolled out television services to at least seven districts in partnership with their respective Members of Parliament.

I must thank many of you for this initiative that you have taken to keep your people well informed and educated. In this regard I have directed the new NBC board to carefully re-organise Kundu 2 TV into a stand-alone entity away from the radio with capitalisation plan. For this to happen, the immediate task for the board is to institute a review of the *Broadcasting Act* in consultation with the Constitutional Law Reform Commission, my department and relevant stakeholders.

Mr Speaker, the NBC has three impact projects that require funding; the rehabilitation of provincial radio stations costing about K100 million but to totally rehabilitate all equipment and also other infrastructure. For the District Radio rollout K139 million, the National Youth Radio, Tribe *FM* K10.2 million.

A total of K249.2 million is required to facilitate NBC's three impact projects, including the revitalisation of television and completion of the rollout programme to the remaining provinces as well as having feasibility studies for installation in the new provinces of Hela and Jiwaka, who also feed the national radio.

Integrated Government Information System

Mr Speaker, I am happy to report to Parliament phase one of the e-Government network to improve efficiency in the delivery of public service is almost complete. The project is expected to be delivered by a contractor *Huawei Technology Limited* of China by the end of this year. This is the ICT platform on which all government departments, agencies and provinces will ride on to deliver services online to the citizens of our country.

These services would be rolled out to most of the provinces and districts in phase two and three which I am hopeful will commence next year. This project costs about \$US53 million , which is about K145 million and I want to make sure through my department, that the network will be setup and running by the end of 2013 and the real challenge for the Government is to sustainably fund the operation and maintenance of the network, which runs into millions of kina.

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My Department is consulting key players like Telikom PNG on best options available for the government to operate this network.

Most department agencies in NCD have already been connected by fibre link through the Government Data Centre at Telikom Rumana and boosted by five other data centres in the city. The selected provinces like East New Britain, West New Britain, West Sepik, Eastern Highlands and Central will also be connected to the central hub in Waigani and this is in phase one.

Mr Speaker, I take this opportunity to invite the Members to visit any hub sites particularly the central hub to appreciate the technology and workmanship of this project. And I want to assure Members that if you go there, you will see that the ecosystem in Telikom Rumana has changed into a very high tech environment.

Let me now give a brief overview of the Department of Communication and Information which is responsible for the administration of policies in the Information and Telecommunication sector. Its other objective is to have developmental information more accessible by all citizens through affordable communication means throughout the country. This will be achieved through the dissemination of development information through radio, television and the print media. When I took over responsibility of the Department in August 2011, it was operating on a staff strength of 17 of an approved structure of 28 positions.

Mr Speaker, I find it incredible for such an important Department to be operating under capacity with a budget ceiling of below K5 million, and yet, was tasked with several major government initiatives. For the first time in many years, the Department is now undertaking a recruitment exercise as to deploy 10 more personnel approved under this year's Recurrent Budget. This should bring to 33, the number of funded positions for an approved level of 48 positions but 15 remain to be funded, and hopefully, it will be next year.

There is yet, another need to increase the technical and financial capacity to effectively manage multi-million kina communication project for the Government. In this regard, the Department is sourcing increased funding level through its Recurrent Budget for a favourable consideration in 2014.

Finally, the Executive Government also added Telikom PNG to my list of responsibilities except for the shareholding component which is still under the purview of the Minister for Public

Enterprises. I am pleased to say that I am in regular dialogue with my colleague and can now collectively address the issue of ICT in the country.

Mr Speaker, with this remarks, I commend this statement to Parliament.

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

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

That the Parliament take note of the paper.

Debate adjourned.

ADJOURNMENT

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

That the Parliament do now adjournment.

The Parliament adjourned at 2.07 p.m..