

SECOND DAY

**Wednesday 12 February 2014
DRAFT HANDSARD**

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SECOND DAY

Wednesday 12 February 2014

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 10:30 a.m; and invited the Member for Nawae, **Honourable Gisuwat Siniwin** to say Prayers.

‘Jesus Christ, we acknowledge you and say thank you for what you continuously have and are doing for us and our country. Thank you, for the faith that we have in you to provide for us. Bless this House and all the Members and help us to serve you faithfully so that we can develop this nation. Accept us and bless us. I say thank you, for this country and help us to follow in your ways so that whatever we do for this nation will be done according to your will, Amen.’

QUESTIONS

Mr JOE SUNGI – My question is directed to the Prime Minister and I ask the Minister for Trade and Commerce to take note. Mr Speaker, a lot of fast money schemes have surfaced in PNG over the years. The schemes such as Money Rain and recently there are some people in Nuku going around and saying that they are collecting money for war victims’ accounts. And they will in turn pay millions to those who invest to help them open these war victims’ accounts.

These activities of collecting money from unsuspecting people is rife here in the city as well with people gathering under raintrees and the leaders of these money schemes are telling them that they will be paid huge turnovers by the Queen or King and they are also using Members and Minister’s names to carry out these deeds and are lying to the people.

Does the Government have plans in place to stop people from engaging in such activities and let people use their savings in ways that will be beneficial to them?

Mr PETER O'NEILL – Thank you, I am aware that there is a group of people going around calling themselves ex-servicemen, veterans and all other associations which are virtually trying to make money at the expense of our people. The Government has no arrangements for compensations or fees for war veterans whatsoever.

I am not aware of arrangements by our colonial administration which are the Australian or the British Government. There is no such arrangement and I urge the public to be wary of this. We have had very bad experiences with money schemes like U-Vistract, Money Rain and Windfall.

02/02

So, Mr Speaker, these are what they call Poncy Schemes that have been around in many parts of the world where people are asked to deposit money before they can get more money on top of what they deposited.

Similar schemes are just finding new names and meanings to try and rob our people who are ignorant but are looking for ways to improve their own lifestyle and make money to ensure that they have a better life. They become victims of unscrupulous individuals who are out there trying to rob our people.

Again, I want to thank the Member for Nuku for bringing this to light and I want to state here very clearly that our Government does not have funds that will meet such schemes now and in the future.

Of course for those ex-service men and women, there is a structure through the Defence Force that is able to take care of those payments. There are some disputes which are being handled by the Defence Force as well as the hierarchy set up to handle them but many of the ex-service men and women who served the Defence Force have already been paid. Funds were made available through the Budget and as such those commitments were met. But, in terms of those disputed ones these are being processed so that we can come up with an arrangement that will be satisfactory to all parties.

Mr Speaker, I want to ask the honourable Member to try and be vigilant to our people and advise them that these money scheme are designed to rob our people and not to help them.

Mr POWES PARKOP – Thank you, Mr Speaker for giving me the opportunity to ask a little question to the Minister for Community Development, Religion and Youth and everything else. The question is in relation to orphanages.

Mr Speaker, do you have homeless, fatherless and destitute or street children in Finschhafen or not? That is the concern that I raise in relation to this question.

In Port Moresby today, we have NGO groups and churches that are setting up orphanages claiming that these are street urchins, fatherless and homeless children. I do not know, it seems that a sort of culture is encroaching into this country, just like the money schemes.

What is the Government's policy on this and are we going to support orphanages or not because there is no provision in the *Lukautim Pikinini Act* providing for orphanages.

The rise of orphanages in the city and in other provinces which are causing problems for us at the second tier government because they are seeking assistance from us but should we or should we not support them.

Can the Minister also explain if we have the capacity to audit these facilities to ensure that they comply with their set tasks, are they running them properly, are they caring for the children properly because we know of a lot of stories from other parts of the world of negative behaviour being promoted.

I am not saying that they are doing it, but there must be mechanisms in place to monitor these facilities. Currently, these mechanisms are not provided for in the *Lukautim Pikinini Act*, there are also no provisions for the setting up of orphanages but may be we should build it in.

It is a fact that we have homeless people as well as landless people, we also have street children and that leads me to my third question.

Does the Minister intend to change the government policy and the relevant laws to allow for orphanages so that we at provincial level can assist with funding for orphanages?

Ms LOUJAYA KOUZA – Thank you, Mr Speaker and I thank the honourable Governor of NCD for raising this very important and timely issue.

I wish to confirm that the *Lukautim Pikinini Act* only talks about the fact that our children can be adopted by relatives and our cultural social security network which should be encouraged and not just the setting up of institutions such as orphanages. But the reality on

the ground, Mr Speaker, is that there is no legal framework yet in place to govern the establishment of such institutions.

03/02

Our churches and private individuals are setting up safe havens for abused children which are not necessarily orphanages but for example in my electorate in Lae, feeding places for street children and these things are evident in the NCD and around the country. Concerns have been raised to support this type of set up. Furthermore, officers from the Division of Welfare in my department are also finding themselves in situations where children have been abandoned due to a court case and technically become orphans so these officers are adopting these children and looking after them as both parents are not available.

My department, therefore, intends to address this issue at the Development Partners Forum which will be held on February 27 to 28 as a first course of action.

Mr Speaker, secondly, we will organise a task force team of capable women and this is in the preliminary stages to be confirmed at our meeting in March headed by Dame Carol Kidu and Ms Jeanne Eparo Parkop with the terms of reference to look into implementation of strategies involving outstanding conventions such as CEDAW, CRPD, MDG's where basically women and children are concerned and prepare relevant documentation for policy and legislation, funding and implementation. This would definitely be high on the agenda of the National Women's Consultative Workshop in March and certainly look forward to being able to bring together and fast track such important legislation pertaining to adoption and other relevant issues to show that this Government is stepping up to the plate by 2015 to give report card of initiatives.

I thank the Governor and Mr Speaker for this opportunity to be able to at least state what we intend to do and what the outcome will be and we will report to this honourable House.

Supplementary Question

Mr TITUS PHILEMON – Can the Minister explain who is responsible for a lot of school-aged children who are begging on the streets of Port Moresby and other cities when they are supposed to be in school?

Ms LOUJAYA KOUZA - That is a very important and pertinent question that is being asked by the Governor. We are all responsible across our relevant agencies and unless and until we have data from our respective electorates to ascertain just how many children are street children. I really cannot make a statement at the top of my head without the facts and figures so that is also something we can include in our agenda of discussion.

Sir MICHAEL SOMARE - Mr Speaker, I direct my question to the Minister for Police but since he is not here, I would like the Prime Minister to respond as he was recently the acting Minister for Police.

I want to know the reason why the police riot squad from Lae was sent to East Sepik yesterday to chase after our Police Commander who is alleged to be in trouble. The Prime Minister knows the new Commander because he sent him to keep an eye on me during the political impasse in case I caused trouble. So have I caused any trouble yet?

04/02

Mr Speaker, the Provincial Commander is from East Sepik Province but it is about time he removes his bum from the Police Force because he is not performing. He is moving around in tinted vehicles, cannot control the police personnel and, therefore, he is no longer worthy to be a policeman. He should be sacked and I urge the Prime Minister and the Police Minister to remove this officer from the Police Force, otherwise we will cause more problems.

Mr SPEAKER – Governor of East Sepik, can you withdraw the inappropriate comment?

Sir MICHAEL SOMARE – I said when a person sits on his backside he is lazy and cannot work and that is why I said remove him.

(Laughter in the Chamber!)

Mr SPEAKER – Alright then, the Prime Minister can proceed to answer the question.

Mr PETER O'NEILL – I thank the Governor of East Sepik for this question. Firstly, I am not aware of the Lae Riot Squad being posted to East Sepik Province. This is news to me but it is a police operational matter and that is why I was not informed. However, I am aware of a rape incident in Wewak. An investigation into this matter was conducted and some of our policemen were accused but it was difficult to arrest the policemen and women who were involved in the matter. So this issue could be related to that but I will certainly ask the Police Minister to look into this matter and we will advise the honourable Governor accordingly.

We must make sure that those policemen and women responsible for incidents taking place in our society must be held accountable also. That is why we need to support them in their work and I believe the Governor is also trying to do the same.

In relation to the issue of the PPC that he is referring to, I want to assure the Governor that I do not know this gentleman and I did not recommend that he be posted during the government impasse. I did not make that appointment so I have no knowledge of the gentleman concerned. But I will certainly take up the matter with the Minister for Police to take it up with the Police Commissioner. If he is not performing then certain actions need to be taken.

Mr Speaker, I will advise the Police Commissioner and the Minister to respond in writing so that the Governor can be fully assured that the Police in the East Sepik Province is able to function properly to maintain peace and order.

Supplementary Question

Sir MICHAEL SOMARE – I will not accept the response given by the Prime Minister because I anticipated a yes or no answer. The Police Minister and his Commissioner are well aware of the situation in East Sepik Province. It is about time someone gives me a truthful answer on the Floor of this Parliament.

Mr Speaker, tell me truthfully that this person is not working. He is running around trying to arrest the Deputy Police Commander and has tried to remove the patrol vehicle from him as well. I want to know why this is happening so can the Police Minister inform me in writing or can the Prime Minister explain to me now.

Mr PETER O'NEILL – Thank you. I understand and appreciate these issues but police issues are operation issues and it is out of my jurisdiction to intervene.

05/02

It is not within the Prime Minister or any other Ministers powers to give directives to the Police Commissioner. Our *Constitution* does not empower me to give those kinds of directions. We must respect the independent work of the Police.

Mr Speaker, let me assure the Governor that I have put it to the Commissioner at that time and that he must take a proactive action in making sure that the police personnel in East Sepik are functioning for the good of the people and not just for a few.

The suggestions and amendments that the Public Service Minister is taking on board as well is something that this Parliament must support. This Government is proposing that if we are originally from a particular province, we should not be taking up responsible positions in that province because on many occasions we compromise ourselves and we do not carry out our duties as required.

The positions of the Provincial Administrator, Provincial Police Commander et cetera, and all the other functions should be independent and need people who will do their jobs without compromise.

When the Minister for Public Service brings about this amendment, I will publicly be encouraging the Police Minister and the Police Commissioner to support this agenda.

If you are from East Sepik, you should not be appointed as the Provincial Police Commander for East Sepik. Let us have some balance and maintain some integrity and independence so that they don't go and take sides when resolving issues.

Mr Speaker, by the end of this day, I will get back to the Governor on this issue.

Mr FRANCIS POTAPE – Mr Speaker, I direct my questions to the Minister for Correctional Services.

The Hawa Prison facility in the Hela Province was opened recently by sending a Commander there. But that prison facility has not been operating for a while.

Can the Minister inform the people of Hela when that prison facility will be formally opened?

Mr JIM SIMATAB – Mr Speaker, I thank the Member for Komo-Margarima for his question in relation to the prison facility in Hawa.

Mr Speaker, there some issues regarding prison facilities up in the Highlands Region. I will be having a wide range of consultation with the Commissioner and various regional leaders.

Mr Speaker, I will be writing to inform leaders from the Highlands Region that my department will be visiting their districts to sort out certain issues that can make our prison facilities function.

Mr CHARLIE BENJAMIN – Mr Speaker, I direct my questions to the Minister for Foreign Affairs and Immigration, Honourable Rimbink Pato.

Mr Speaker, we are aware that the Asylum Seekers Processing Centre is located in Manus. According to this process, we hear in the media that these asylum seekers will not return to Australia, which means that they will migrate to Papua New Guinea or another country.

So that automatically means that in this process, these asylum seekers become our problem and that they will have to be settled in this country.

(1) Can the Minister clarify this situation?

Mr Speaker, last week the Australian High Commissioner visited Manus Province and I sincerely apologise for my absence but I was presenting the Manus Provincial Budget to the Treasurer.

Mr Speaker, there are reports that the High Commissioner was verbally abused and insulted.

06/02

The people of Manus are not fully satisfied and they are frustrated. The National Government has already signed the agreement with the Australian Government and the PNG Government is benefiting from it and they are happy about this arrangement. The Australian Government is happy about this arrangement because we are helping them big time with their problem.

My questions are:-

(1) Will the people of Manus benefit from the package or when will you, as the Minister, responsible involve me as the Governor of the Province to have discussions with the Australian Government so that the benefits are shared equally amongst us rather than making one-sided decisions only?

(2) If there is any package in place then I would want to know exactly much exactly will the people of Manus benefit from it every year?

In that way, all of us will know exactly how much will be shared equally amongst us rather than the Australian Government taking control of everything and giving one or two to Manus and causing confusion amongst ourselves and not knowing what to do and say.

Next week the people of Manus will petition me but before it eventuates, I want the Minister to address this issue properly and clarify what sort of benefits will go to Manus.

Mr RIMBINK PATO – I thank the Governor of Manus for his two important questions.

The first one relates to the resettlement of asylum seekers in PNG. The process for determination of refugee status has commenced but as to whether any asylum seekers who are being held at the facility on Manus Island will or will not be resettle in PNG has to be worked in accordance with a policy framework. Because PNG has come into this sort of activity for the first time in trying to exercise leadership on what is a regional issue we have not yet had the opportunity to have the relevant policy put in place.

So what the Cabinet has decided recently is to appoint a group of imminent Papua New Guineans who will be assisted by relevant expertise from the UN, Australian Government and other responsible stakeholders to come up with a relevant policy framework in the implementation which will result in determining the question whether those asylum seekers will or will not be settled in PNG. Obviously within those framework, the issue will arise as to whether or not they should be settled in other countries rather than PNG. And there is a process under the United Nations framework - under the convention relating to the refugees - that will come into play and as a consequence of that, it is expected that should these people not be able to be settled in PNG because they don't meet our policy or other requirements then they can be settled elsewhere.

In relation to the second question; the Australian Government as under their agreement, in their AUS\$5 billion aid package to developing countries, the only country that is not being affected is PNG. And in addition to the AUS\$500 million which is available for budgetary funding for PNG program under the partnership agreement, there is additional support for Manus to the tune of AUS\$420 million. And it's within the framework of that agreement that the Australian Government together with our immigration citizenship services authority will make a determination as to where those funds will be spent consistent with the implementation of the agreement we have on the resettlement of asylum seekers.

As to how much of that funding will be available to projects other than those directly connected with the facility is a matter of ongoing discussions between myself and the Australian Foreign Minister. I have had extensive discussions with the Australian High Commission and so as our Prime Minister. So the issue is, how can we best manage the AUS\$420 million that we have obtained as a consequence of the deal we have on asylum seekers with Australia and how best we can utilize the funding that is available to the Manus Provincial Government under the recurrent budgetary appropriation that the PNG Government provides to the Manus people.

The matter is a subject of ongoing discussions but at some point in time, I will sit down with the Governor and invite the Australian High Commission to see how best we can reach some understanding on this issue so that there is no confusion as to the way in which we want the funding to be spent, as it is the desire of this Government that the people of Manus must benefit substantially because they are contributing to the implementation policy to the benefit of Australia whilst strengthening the relationship that PNG has with the Government and the people of Australia.

07/02

Supplementary Questions

Mr BIRE KIMISOPA – (1) Mr Minister, don't you think that we have lost control over the Manus issue? And that at some stage is it possible during bilateral meetings with Australia, the Manus Governor and the Provincial Government to be represented? The Manus Provincial Government should be in these consultations and other meetings and they have to have absolute control in terms of funding, utilisation of facilities, as we cannot be seen as carrying Australia's handbag.

Mr RIMBINK PATO – It is the intention of this Government and also the Prime Minister and I to keep the two Members of Parliament of Manus involved in the whole process. When the discussions eventually took place we have had discussions with them from the beginning. And where there have been issues along the way we have been able to meet with them, so it is not as if they have been ignored altogether from this arrangement.

There are ongoing discussions and it is the business of the National Government to ensure that the people of Manus are practically and effectively involved in the whole process. And we do not want the Provincial Government or the people of Manus to suffer because this

is about leadership and Manus is an example which will stand out in this region in terms of portraying what PNG is able to contribute in the international community.

It is the intention of this Government and the Australian Government to ensure that what we will deliver will have the outcomes and want to involve the leadership of the Manus people. It is not our intentions to exclude Manus in this process.

Mr WILLIAM POWI – My question is directed to the Minister for Inter-Government Relations. Five LLG presidential elections were declared as failed elections. This has contributed to the way in which we conduct our Provincial Assembly and also affects the composition of my Provincial Executive Council. Other provincial leaders would also agree that it is also impinging on how LLG accounts are conducted.

When is your Department and the Electoral Commission going to re-conduct the LLG presidential elections?

This is important for my province as it affects the way we do business in the province.

Mr LEO DION –Thank you, Mr Speaker, and also to the Governor for Southern Highlands for his very important question as other Governors also are waiting for when the new LLG Elections will take place. There were a great number of failed LLG elections especially up in the Highlands

08/02

There were a great number of LLG elections that failed in this country, especially up in the Highlands. I wish to say that as the circular information that came out to inform all the Governors and respective Members of the District Joint Planning and Budget Priorities Committees, including the presidents that as the elections failed, the presidents and councillors that were serving prior to the failed elections should be recognised to continue on with their duties in the various forums.

For example, in the JDP&BPC it is the responsibility of the Member to accept those members whose elections failed to come back and continue to provide that leadership in that area.

The reply was quite straight forward, especially the presidents who formed the forum for the Provincial Councils as well. If their local level government elections were declared failed, the respective Governors, by law, have the mandate to accommodate them in the

provincial assemblies. And there shouldn't be any arguments because they are leaders until their elections are successfully concluded.

Mr Speaker, these issues are a priority in our agenda, and through you, I must apologise for the delay in conducting these elections but the Budget was recently passed and money has been set aside for this purpose.

Mr Speaker, I can assure all the Governors where elections failed to just be patient because after all, those governors with failed LLG election, as I have said, and I am not going to repeat myself. There shouldn't be any disputes. They should continue to serve, or the presidents of the failed LLGs should continue to serve as presidents of those LLGs until such time a successful election is conducted. This goes for the councillors as well.

Mr Speaker, the decision to conduct the elections was made by this Parliament through passage of the law to have the Electoral Commission totally independent in its decision making process.

I have no power to object to or reject whatever they decide. I know that some provincial governments took the situation to court but it is the subject of those courts to make decisions relevant to the situation but from the administrative point of view, and the legal point of view, as I have been advised, Governors should entertain this resolution. There shouldn't be any disputes in questioning the leadership of those who were in failed elections.

Thank you, so much. Before I sit down, I want to say that it is my job to make sure, on behalf of the Prime Minister and this Government that we make sure the Electoral Commission gets the job done and make sure that these elections are conducted as soon as it is practicable.

Supplementary Question

Mr PAIAS WINGTI – Mr Speaker, my supplementary to the Minister is this. Ethically and morally, I find it very difficult to accept your reasoning on the basis that in the counting, when a sitting president is losing, with the lowest number, and another person who is going to win is leading with a greater majority and right at that point in time when the sitting president is about to lose, the Electoral Commissioner comes in and declares that election has failed. The Electoral Commissioner bases his decision on no recommendation from anybody else but on his own volition declared that. Now I find it very difficult to accept a president who is losing to sit in my Assembly.

I want the Minister for Provincial and Local Level Government to explain where in some areas where people who are loosing but when the Electoral Commissioner declares the election failed then you are forcing us to accept that. I find it a little bit difficult to understand.

09/02

In my case, I wait until the court declares the result. I will only accept those who are properly declared with the sitting members so that is my position. Thankyou Mr Speaker.

Mr LEO DION – Thank you Mr Speaker. I am pleased with the comments made by the former Prime Minister Mr Paias Wingti, the honourable Governor of Western Highlands Province. I would say that is what the law states and we created the law in this Parliament that Electoral Commission would independently decide on these things without any interference even from the Prime Minister.

Morally, yes, we would like to intervene in many cases but the law stays where it is, any dispute that is being raised by the honourable Governors or the local level government not particularly Western Highlands but the other provincial governments as well. Let us not pre-empt the decision by the courts that's coming.

Mr AIDE GANASI – Thankyou Mr Speaker, I direct my question to the honourable Prime Minister.

Mr SPEAKER – Honourable leader, the Prime Minister has left his seat.

Mr AIDE GANASI – He just returned.

Mr SPEAKER – Thankyou, the Chair recognises that.

(Laughter in the Chamber!)

Mr AIDE GANASI – Before I ask my question, I would like to provide some background information on the question.

Mr Speaker, on the November 13, 2013, I raised a series of questions to the Minister for Mining stating to him concerns that I had about the use of K8272 000 from Western Province non CMC funds to procure a landing barge for the people of South Fly, Mr Speaker, in the Minister's response he stated and I quote ' I am aware that the boat is in the process of being purchased by the department I believe proper procedures were being followed'. Mr Speaker, I have in my possession new information that cast serious doubts on the integrity of the Minister's claim. For instance, the contract signed between the Department of Mineral Policy and Geo-Hazards Management and the contractor was to construct a new boat, sadly instead I am reliably informed that a second hand boat has been purchased from Korea.

Mr Speaker, if due diligence was done by the Department Central Tender and Supply Board, they would have known that this contractor namely the Menden Group of Companies does not construct boats I also noticed that the total validity of the contract is K8270 000 but Mr Speaker, transaction records I have cited show that a second hand boat costs about US\$900, 000 so in current exchange rate it will be over K3million. Furthermore the boat's ownership record indicates that organisations and or individuals other than the people of South Fly are the actual owners of the boat. We don't own the boat.

Finally, the guidelines to trust did clearly stipulate that all projects under the non CMC funds must be initiated and originate from the JDPBPC level. The South Fly district JDPBPC has no knowledge of this acquisition. Now my questions are;

(1) Can the Prime Minister assure me and my people of South Fly and Western Province that he will as a matter of urgency commission an independent inquiry to investigate and establish that the western Province people's non CMCA Funds parked in the trust account have not been misappropriated? And that the Department of Mineral Policy and Geo-Hazard Management as the custodian of the non CMCA funds has wisely managed this fund and that all guidelines stipulated under the trust deed have strictly been complied with in procuring services using this funds.

10/02

Mr Speaker, can the Prime Minister extend the terms of reference of the independent inquiry to investigate monies from 2007, especially the K500 million under the non CMCA account to ensure, payments of millions of kina made was to certain politicians and their associates complied with procedures set out under the trust deed guidelines.

Mr Speaker, the non CMCA funds are not development funds. They are monies paid by Ok Tedi Mine to the Fly River community as compensation for damages done to people's lives and the environment.

As a leader from the Province, I do not want to think that my people's compensation money has been misappropriated or abused in any way.

Mr PETER O'NEILL – Thank you, Mr Speaker. I thank the honourable Member for South Fly for his questions. We are all aware of the continuous public debate and public information that have been created by such debate on Ok Tedi and the non CMCA funds managed by the Department of Mining.

Mr Speaker, I am not aware of this specific case but if the honourable Member gives me the details I can assure him that I will ask the Department and every person involved in this transaction to provide me a detailed report which will be presented to him on the Floor of Parliament. Our people of Western Province and especially South Fly are aware of what has happened to the particular purchase of that boat.

That boat was bought for K8.2 million and you are saying that it is a second-hand boat. That is the concern but somebody along the way has not done his or her job well. We need to get to the bottom of this and I want to assure you that I will make it happen.

On the issue of the management of the non CMCA funds that are being managed by the Department of Mining, as you will recall, since all this debate is taking place, I have stopped payments and not one single payment has been made out.

I have not lifted that ban yet. I have put a stop to that because I did not want any funds to be utilized while all the issues surrounding the management have not been resolved. I think it is important that we secure the people's funds so that is why I have put a ban on it. I am making sure that not one single transaction is made. That has upset a lot of people, especially those who are trying to have easy access to that fund. As a result, I am getting a lot of public debate.

Mr Speaker, I want to assure the honourable Member that no payments will be paid out of this fund until we resolve all these issues. That includes the investigations into the transaction that the Member is talking about.

I will ask the Minister for Finance to organize an independent audit not from our own auditors but we will try and get a big international accounting firm to be contracted to do an audit on all the transactions that have taken place.

The second issue is on the guidelines. Mr Speaker, the Government is establishing guidelines in the trust arrangement to basically protect the public especially those who have an interest in those funds. So in this case, it is the people of Western Province and the people of South Fly. That is why we have the guidelines. But of course many of our public servants and many of our leaders continuously abuse such monies. The Member is talking about that but I want to assure you that we are going to resolve these issues of OTMIA, PMCA, and the non CMCA funds. All this are inter-related and the landowners will have to sit down and iron out their differences. We cannot do it for them but we can only facilitate.

11/02

Let me assure the people that we are going to resolve the issues on OTMIA, the CMCA and non-CMCA funds and all these organizations that we are talking about are interrelated and the landowners also have to sit down and iron out their differences. We can't do it for them. We can only facilitate.

The more these arguments continue, I can assure you that nobody will have access to those funds. That means that our people will suffer. Some of the funds that will go to proper services like hospitals will continue to be parked in there.

I want to urge the leaders of the Western Provinces and the landowners to be more responsible to the people not to themselves or their lawyers and other individuals who are trying to have access to these funds for obvious reasons that we all know.

Mr Speaker, I want to give this assurance that no funds will go out of those accounts and a total of close to K700 million is parked away in there and not one toea will be disbursed until these issues are resolved.

PERSONAL EXPLANATION

Sir JULIUS CHAN (New Ireland) - I seek leave of the Chair to make a personal explanation.

Mr SPEAKER – Do you claim to have been misrepresented?

Sir JULIUS CHAN – Yes, Sir..

Mr SPEAKER – Go ahead, leave is granted.

Sir JULIUS CHAN – Mr Speaker, I feel obliged to make a Personal Explanation because the *Papers* have misconstrued my statement yesterday and in some ways misrepresented in its headlines in the front page today which stated, ‘State under Fire.’

We have enough fires in Australia and I don’t want to put Papua New Guinea under fire.

(Laughter in the Chamber)

Sir JULIUS CHAN – I don’t want to blame anybody because I was speaking in *pidgin*. I have never said anything of that sort and the coverage may have caused embarrassment to the Government’s policy on education.

In fact, I praised the Prime Minister. I simply brought out some of the sequences that needed to be followed in order to properly introduce compulsory education.

Mr Speaker, I just want to clarify this because I would be an hypocrite if I stand here and oppose compulsory primary education because we have already introduced *Compulsory Primary Education Act* on the 19 June, 2013.

Mr Speaker, I like to reassure the Government that they should not feel that my comments came under fire. I just want to set the record straight and that was what I did.

I thank the Minister for Education that he would bring in temporary school dual usage of classrooms and teachers. The Prime Minister has already got a policy on housing. I actually congratulated you and I don’t know why media has brought in fire between us. There is absolutely no need for that.

Sir Michael Somare – They must be thinking about the Victorian fire.

12/02

Sir JULIUS CHAN – Education is so important that we should not enter into the DSIP funds but the Government should look into special allocation for education.

What I am trying to say is that the Minister for Education may be embarrassed of what I said or didn’t say but it was printed in the media and the whole nation heard about it as if I was opposing you. And if the Government is embarrassed by that statement on the newspaper

then I just simply apologise to you and I do seek an apology from the media for misreporting this statement.

**PROGRESS MADE BY THE MINISTRY OF MINING –
MINISTERIAL STATEMENT – PAPER NOTED**

Mr BYRON CHAN (Namatanai – Minister for Mining) – Thank you for giving me this opportunity to present my statement on the progress made by my Ministry to date.

Mr Speaker, it is my intension to up date you and this Parliament from the initiatives and priorities pursuit by my Ministry to date and for the next five years.

The substance of my statement is basically to tell PNG mining success story which, includes potential new projects that are coming up in the near future and also to update this Parliament on the policy and legislative developments that are being undertaken by my ministry.

Mr Speaker, as you are aware the mining sector is currently the single largest export revenue earner for PNG and mining alone contributes over 50 per cent of the country's export revenue for the last 15 years. And it has been the single largest contributor to the economy of this country since Paguna in 1967, today the resource industry in PNG has experienced the preceded period of activity and growth. PNG has gained the confidence and respect of the international market and has attracted many big players in the industry. The basis for this huge investor confidence in PNG are; good mining policy, an attractive fiscal regime and a vigorous marketing of PNG potential by the Ministry. This is still the current mining story today and will be for the next few years until the first LNG project come on full swing.

Mr Speaker, according to the recent updated mapping data produced by the Mineral Resources Authority, currently 80 per cent of PNG land mass is taken up by mining activities. The majority of these activities includes; exploration licenses application and exploration licenses renewal application. This was the result of the launching of the geophysical and geochemical survey data presented during the 2010 PDAC conference in Toronto – Canada. These information couple with a good fiscal policy, consistent Government and political stability, intuitional realignment and high metal prices has stimulated interest in the country which, in our huge increase in license application over every mineral prospective land in the country.

Mr Speaker, the circumstance has attracted and renewed the interest of major mining industry such as Barrick, New Monte, Newcrest, Vale, BHP Billiton, Rio Tinto and many more genuine reputable mining investors.

Under my directives in 2011, the mining advisory council has concentrated in attending to all outstanding applications and to deal with all new applications and dealings during that time. Today burdens of processing new licenses have been reduced but we still are seeing more interest in this sector.

Mr Speaker, there are many challenges faced by our mining sector today, to manage these challenges our mining laws and policies are under going –

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New applications and dealings during that time, today burdens of processing new licenses have been reduced but we are seeing more interests in this sector. There are many challenges faced by our mining sector and to manage these challenges our mining laws are undergoing some major changes to improve the way we have been doing business in this sector. And new developments that the Government is undertaking would affect the mining industry in Papua New Guinea. As you are aware our country is also being further challenged by the effects of the global financial climate, thus affecting commodity prices.

Mr Speaker, the Government is well aware of the issues affecting our mining industries and has taken bold steps to rectify mistakes that were made in the past and ensure real issues of major concern affecting our people and the mining industry are addressed within this term of Government. PNG's potential in the mining sector is demonstrated by the existence of some of the world class projects and many of these have their own unique challenges.

Ok Tedi has just been acquired by the Government and we will be extending its mine life beyond 2022 and the Government is attending to sorting out the redistribution of its acquired interest from the PNGSDP to strengthen the mine's sustainability going forward.

Porgera has continued to face with trespassing by illegal miners and has posed serious law and order issues that must be dealt with immediately. And I will be meeting with relevant law enforcement agencies to ensure that the law and order concerns are addressed.

Lihir has recently completed its million ounce plan upgrade project and we expect to witness this increase output in production, royalties, infrastructure development and social indicators for Lihirians.

Hidden Valley is faced with the challenges of reducing the cost of running the mine and has identified these bottlenecks and is attending to putting place measures to turn the operations around profitably.

Our smaller mines are Tolokuma was recently placed under its own care and maintenance by the operator Petromin. The challenge for the project is recapitalising the mine equipment and its processing facility.

The Sinivit mine is embarking on optimism program to improve the recovery of gold from existing plans prior to embarking on transforming its current processing facility into a conventional one. The Simberi mine is about to complete its commissioning for a plan upgrade and the Ramu project has achieved 50 per cent of its production output and is anticipated to be in full production capacity by this year.

This is our first diversified mine having shifted from gold to, nickel, cobalt and coal mined to date. Apart from the operating mines we have a number of advanced exploration projects whose updates will be heard directly from the operators over the next couple of days.

The Government is committed to ensuring that these projects are advanced, such that they are brought on stream to be next in the pipeline of mining projects over the next five to ten years. With renewed interest in mining potential in Papua New Guinea it is obvious that PNG has the potential to be a well-developed nation that can properly and effectively harness these projects and maximise the benefits that are available to us a nation. This calls for the better management of our resources and benefits derived from the projects.

It also calls for better management of the issues affecting the industries and a joint government- private partnership to ensure development goals and aspirations of the nation are satisfactorily met.

The changes initiated by the National Government to manage the challenges we face today includes; the introduction of the Kumul Trust, the establishment of the Sovereign Wealth Fund, Acquisition by law of the PNGSDP shares in Ok Tedi Mining project, reviewing of the tax laws and physical policies of PNG and this also includes the review of the Mining Physical Policy and review of the development of the mining policies and legislations.

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Mr Speaker, I will not dwell on the other major changes specified above but I want to talk about the mineral policy and the legislation review exercise that the Government has undertaken in the mining industry.

The review exercise, under my Ministry is ongoing and the Department of Minerals Policy and Geo-Hazard Management is still working on draft policies and legislation for finalization and endorsement by the National Government.

The Department recently conducted consultation forums from the 13th to the 23rd of August 2013 commencing in Mt Hagen for the Highlands Region, Lae for the Momase Region, Kokopo for the New Guinea Islands Region and Port Moresby for the Southern Region on the development of the Invocatory Resettlement Policy, the Sustainable Mining Development Policy and the Mine Closure Policy.

At these regional forums presentations were made on the draft of the Mineral Policy, Off-Shore Mining Policy and the Mining Safety Act, and the Mining Act.

I wish to take the opportunity to make mention of our prominent political leaders who also attended the regional forums and participated at these forums.

I wish to acknowledge Honourable Peter Ipatas, Governor of Enga Province, Honourable Sam Basil, Deputy Opposition Leader, Honourable Jim Kas, Governor of Madang Province, Grand Chief Right Honourable Sir Julius Chan, Governor of New Ireland Province, Honourable Ben Micah, Minister for State Enterprises, and lastly, but not the least, I want to acknowledge and thank, Honourable Wera Mori, Vice-Minister for Mining who represented me and travelled with the National Government Team and participated meaningfully throughout these forums.

I also wish to extend my sincere acknowledgement and thank all the other stakeholders, particularly the various provincial government representatives and the provincial government representatives, the landowners, the NGOs and the National Government Team that gave their support throughout the regional forums.

I wish to say thank you to the industry participants who attended these forums and the team that consulted with the Department and made the industry concerns known to the National Government.

Mr Speaker, the main challenges that are now facing the Government which are predominant throughout the mining provinces in Papua New Guinea are; mineral ownership, greater national participation, increased and better distribution of mine derived benefits, tangible infrastructure development, relocation and resettlement planning, mine closure and rehabilitation, sustainability of communities impacted by mining projects, improved monitoring and regulating by the State.

These are all very important issues that every stakeholder involved in the business of mining in Papua New Guinea must take note of and contribute meaningfully to address. We must all make a collective effort to address these issues whenever they arise.

The National Government is very serious about these issues and has taken the lead through the review process and I call on every stakeholder in the mining industry, be it provincial government, local level government, landowners, NGOs, State departments or our developers to contribute towards addressing these issues in your various capacities.

Mr Speaker, there've been exciting events happening in the mining sector throughout Papua New Guinea. Towards the end of 2013 we signed the Ramu Nickel Project MOA. Now this is a milestone achievement for the project and particularly our people.

Prior to that we went to Milne Bay for the Woodlark MOA discussions and we addressed a very interesting issue. For those who are not aware, the Woodlark Island is on State land. This was a concern raised by the Minister for Lands and Physical Planning, Honourable Benny Allan for both ministers to collaborate and resolve this issue. However,

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However, our good Prime Minister, Honourable Peter O'Neill, has directed that the State instrumentalities get together and give the land back to our people so that they can benefit from the mining activity that is taking place on their traditional ancestral land.

Mr Speaker, on December, 2013, my department team returned from consultations with our people along West Coast Namatanai, New Ireland Province, to talk to the communities of the coastline adjacent to the Solwara 1 Project, particularly to conduct awareness on the development of the offshore mining policy and its implications under the current and the proposed legislations. This was successfully done with support from the New Ireland Provincial Government, the various local level governments, Nautilus and the relevant National Government departments and in collaboration with the South Pacific Commission (SPC) through its arm, the South Pacific Geoscience Commission (SOPAC).

In addition, two presentations were made by my department on November 21 and 26, 2013, before Members of Parliament, including the Prime Minister, Peter O'Neill, on the proposed changes to the *Mining Act*. The Parliamentary support was overwhelming and the directive is for the changes to be introduced to Parliament this year and to be passed because the process commenced in 2009 and it's being five years and the Parliament has directed that the review must conclude in the first quarter of 2014.

Mr Speaker, for the *Mining Act* 1992 Review, these are the proposed inclusions under the Tenement Administration, the following will be covered:-

- Mining advisory council functions to be adequately defined.
- Online application and approval processing.
- Number of exploration licenses that anyone can hold at any one time will be limited to 10 licenses with the Minister having the discretion to allow additional licenses subject to strict guidelines.
- Increased tenure of exploration license from two year term up to five years with a review every three years.
- Reduction in the maximum size of the area by half of the current land area from 750 sub-blocks or 2500 square kilometres to 325 sub-blocks or 325 square kilometres.
- Merging of the Special Mining Lease (SML) and Mining Lease (ML) to form a single mining lease.
- The term of mining lease will be increased from 20 years to 40 years and renewable for periods up from the current 10 to 20 years.
- Mining retention license to enable developers to apply for land that is necessary for retention for their specific purposes subject to conditions.
- Expeditious consideration of license applications with specified time frames for a quick turnaround time.

Mr Speaker, under the compliance requirements, the following will be covered:-

- Royalty to be updated and provided in legislation.
- State Equity Participation to realign to the Government nomination of the Kumul Mining Holdings as well as to capture in law the Government right to take up to 30 per cent stake in any mining developments in PNG.
- It is also proposed that the total local participation in Mining projects will be up to 50 per cent. The 30 per cent is the existing optional right of the State and the other 20 per cent can be negotiated on commercial terms.
- It is also proposed that the free carried equity shares of both the landowners and the provincial governments will be increased from 2.5 percent to 5 per cent respectively.

- Contract and agreements under the Mining regime to be clearly defined and complying with world standards.
- For downstream processing, up to 70 per cent of minerals extracted from PNG are to be smelted and refined onshore in PNG provided there is a refinery complying with world standards.
 - Gold Bullion Bank-in addition to the downstream processing policy, every miner shall be required to retain within PNG an equivalent of 10 per cent of annual production in Gold Bullion in line with the Government's intention to establish a Gold Bullion Bank in PNG
- Geothermal resource. All geothermal resources owners to own up to 51 per cent of geothermal projects in the country.

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- Geothermal resource. All geothermal resources owners to own up to 51 per cent of geothermal projects in the country.
- Social mapping and landowner identification to be included as a mandatory legal requirement.
- Reporting, information requirements to be expanded and State powers clearly defined.
- Audits to be conducted by the State on the Reports and information submitted by developers as well as on the performance of State entities.
- A conceptual mine closure plan to be a pre-condition to the granting of a mining lease and the inclusion of a mine closure bond to address closure obligations.
- A conceptual mine relocation plan to be a pre-condition to the granting of a mining lease.
 - Mine Waste Management Plan to be a pre-condition for the granting of a mining lease.
- Prosecution for Breaches of the Mining Act to be properly defined and the appropriate penalties imposed with State empowered to prosecute breaches.
- General alignments in the provisions and other related legislations for consistency.

Mr Speaker, the policy review will ensure that community awareness and consultations becomes a mandatory requirement for all stakeholders. Developers conduct a socio-economic and environmental impact assessment right from the exploration stage.

Provincial Government and landowner participation is improved through procedural requirements to allow for more consultation and participation in the project development process.

Women and youth will be represented in the decision making processes and the benefit distribution with up to 10 per cent out of the total royalty payment to be allocated for women and children for their empowerment. Each stakeholder to an MOA will be required to initiate and develop at least one sustainability initiative to benefit and add value to their livelihood of the impacted people.

Mr Speaker, there must be a development of alternative dispute resolution guidelines in collaboration with the National Court ADR process and the development of a grievance mechanism to address issues. Accountability for MOA obligations to deter parties from defaulting on their respective obligations.

All monetary benefits derived will be declared and published in print and other nominated forms of media for transparency and accountability purposes by all stakeholders from the State, the developer, the Provincial Governments and the landowners.

Benefits distributions to be clearly defined for consistency and to avoid ambiguity. Clarity on the various benefit streams to the respective stakeholders at different stages of a project from the exploration to be decommissioned.

Fly-in-fly-out arrangements will be abolished and developers will be required to assist the Government in developing townships and ensuring their employees are residents in PNG in order to stimulate the local economy and bring development to the local communalities, towns and cities

Mr Speaker, the major predominant issues that are under consideration are fiscal provisions, equity, royalty and compensation.

Given the importance and sensitivity surrounding these issues, it is necessary that the expectations of our people are properly managed and the implications on the industry and the international mining community is taken into consideration.

My Department is seeking technical assistance from the commonwealth secretariat on these issues. My Department is also in consultation with the Department of Treasury to collaborate and assist the review exercise that is currently being undertaken on the tax review with support from the IMF.

This is the responsible thing to do as a responsible government in serving the interest of the general majority through the equal distribution of wealth and resources and not just a small minority which, will not be in line with the *Constitution*.

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Mr Speaker, the Ministry of Mining is collaborating with the New Zealand Government to develop the Geothemo Resource Policy.

A draft policy was developed by my Department in 2012 and the New Zealand Government is now assisting this country in reviewing the draft policy as well on technical aspects given their vast experiences in the field of geothermo resources and the benefits derived.

With the unique nature of this resource as an emerging industry in Papua New Guinea, the Government is proposing a 51 percent landowner participation interest against 49 percent to the developer.

Mr Speaker, the Mining Ministry is also mindful of the development of the Coal Seam Gas, which is a new emerging industry and the Mining Ministry wishes to encourage to develop. A Coal Seam Gas Policy is being developed in collaboration with the PNG Chamber of Mines and Petroleum.

Mr SPEAKER – Honourable Minister, I will interrupt Parliament and suspend it for lunch and we shall resume at 2 p.m.

Sitting suspended.

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Thank you Mr Speaker, I will start from where I left on the major predominant issues that are under consideration is fiscal provision, equity, royalty and compensation. Given the importance and sinceritivity surrounding these issues it is necessary that expectations of our people are properly managed and implications on industry and international mining community is taken into consideration.

My Ministry is seeking technical assistances from the commonwealth secretariat with each of these issues as a priority with qualified expert advice prior to taking on any action on

the matter. My Department is also in consultation with the Department of Treasury to collaborate and assist the review exercise that is currently being undertaken on the tax review with the support from the IMF. This is the responsible thing to do as a responsible Government in serving the interest of the general majority through the equal distribution of wealth and resources and not just a small minority which will not be in line with the *Constitution* of PNG.

Mr Speaker, my Ministry is collaborating with the New Zealand Government to develop the geothermal resource policy. A draft policy was developed by my Department in 2012; the New Zealand Government is now assisting PNG in reviewing the draft policy as well as technical aspects given their experts in management of the geothermal resources and distribution of the benefits derive. With the unique nature of this resource as a new emerging industry in PNG the Government is proposing 51 per cent land owner participation interest against 49 to the developer.

Mr Speaker, my Ministry is also mindful of the development of the Coal Seam Gas which is a new emerging industry that my ministry wishes to encourage and develop. A Coal Seam Gas policy is being developed in collaboration with the PNG Chamber of Mines and Petroleum.

Mr Speaker, the *Mining Safety Act 1977* is also under review as you are aware that the advantage in mining technology through the emerging health and safety issues thereby hesitating the review of the current *Mining Safety Act of 1997*, the Act is being reviewed and updated to reflect current changes and to be practical in its application of safety provision to process and phases of mining that were not covered previously. The Act would apply inclusively to all activities covered under the term extraction of minerals and such associated works. These are just within the three main components of the Acts itself mainly the workers, machineries and the environment. Specific provisions to cover off shore mining projects, geothermal resources extraction and coal seam mapping projects, small scale alluvia mining activities and mine closure aspects also will be included.

Mr Speaker, amongst other things and important new inclusion would be the requirement for health and safety management system for emergency responses, occupational health and pollution control in compilation with the best international safety standards as practiced in Australia and New Zealand.

The Act will ensure that this effective management in controlling and managing toxic material and fluids originating from mines, works, and stop piles of waste or process of

chemicals, failure to comply attracts heavy penalty on owners. The penalty provisions of the Act have increased to reflect the seriousness of this issue as a deterrent.

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Penalty on owners and the penalties have increased to reflect the seriousness of this issue as a deterrent. The *Mineral Resources Authority Act 2005* is also under review. Since its establishment in 2007, the MRA has been faced with a number of challenges. It is a State entity established by the State to regulate the mining sector on behalf of the State.

The perception today is that MRA is managed, controlled and serving the interests of the Mining industry and not the State as it is supposed to be. The perception of regulating itself must change; therefore corrective measures have to be taken by the current government.

The proposed amendments will see changes to the functions and structures of MRA and the composition of the board to make MRA more accountable for the implementation of Government policy directives and minimise industry influence on the board of MRA and empower MRA to be competitive to retain and attract suitable manpower of the production levy to assist and alleviate state liabilities in MOA undertaking.

Mr Speaker, my ministry is also developing an offshore mining policy for the country with our Solwara Project as the first offshore mining project in the country and the world and it is imperative that this government adopt its own offshore policy without further delay. At this point, let me make it clear that our current mining legislation adequately provides the basic framework to regulate and permit a deep sea mining project and the *Mining Safety Act*.

The requirements are to develop safety guidelines and policies on benefit distribution for offshore projects. My ministry has produced a draft Mining Policy using the Madang guidelines which was developed from an international workshop of deep sea mining experts in 1999. And we have also taken note of the concerns expressed by the environmental issues associated with deep sea mining and the draft policy that has been reworked to strengthen the monitoring and assessment aspects of the policy.

Mr Speaker, we have heard about the Government's intention to introduce the National Content Plan and we await the introduction of this national policy with keen interests and my ministry has adopted the principles of our national content plan within the revised legislation giving legal emphasis to the requirements that were formally captured on project MOA documents relating to the supply and procurement of goods and services, employment, training and business arrangements amongst other things.

Mr Speaker, in line with the above the Government is also mindful of the sensitivity and expectations surrounding the issue of mineral ownership. My Ministry is trying to address this issue through the development of an effective and tangible benefits distribution mechanism. That will give greater participation to our people in the development and exploitation of our own mineral resource. These must be done within the constitutional framework to ensure equal and fair distribution of wealth to all citizens of Papua New Guinea.

In line with the thought on the national content and ownership being addressed through greater landowner and state participation, the Government is proposing related changes, some of which are as follows:-

- Companies applying for licenses must have local participation with at least a PNG citizen on its board with an office and an onshore bank account in PNG.

- Increased equity participation is five per cent to landowners and five per cent to provincial governments.

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- Revised improved royalty schedule, revised, improved compensation schedule.

- Revised project MOA format to improve benefit distribution and stakeholder cooperation and participation.

- Revised landowner participation in business activities or ventures to ensure that our people participate as responsible shareholders and not only as small time contractors for small business spin-offs.

- inclusion of sustainability planning as a requirement right from the project planning process to cater for the welfare of the people after the mine closure.

- Abolishing of tax incentives that will contribute to the loss of revenue generated for the State and adoption of the extractive industry transparency initiative, IETI principles.

- A mines auditor to do audits on all information submitted to the State and all payments made to the respective stakeholder to ensure compliance. –

- A conceptual mine closure plan and where necessary, a conceptual relocation plan must be submitted before the mining lease is granted.

- A conceptual mine waste management plan must be submitted before the mining lease is granted, the creation of a financial assurance fund, or a security bond to address the mine closure obligations.

I want everyone to take note that the State is now creating these opportunities for our people but everybody must understand that according to PNG laws, while the land may belong to you, the ownership of all minerals found on that land and underwater in PNG belongs to the Independent State of Papua New Guinea for the collective benefit of every Papua New Guinean.

Mr Speaker, the Government is well aware of the real issues of accountability and transparency in the use and application of mine derived benefits by the beneficiaries. It is a real concern to my Ministry that many services do not reach affected areas and affected people. And we hope to see that change with these new initiatives and changes that will require stakeholders to do their jobs as expected.

Mr Speaker, the recent declaration by the Minister for Treasury, Honourable Don Polye, on the National Executive Council's endorsement of the Extractive Industry Transparency Initiative as part of the O'Neill Dion Government's commitment to fight corruption is highly commended by the mining industry.

I am pleased to announce that the revised legislation will accommodate the EITI requirement in which all receipts and payments of monetary benefits derived from mining must be declared for transparency and accountability processes.

Mr Speaker, the *Constitution* calls for wise use to be made of our natural resources and equal distribution of wealth to our people. Consistent with the *Constitution* the *Mining Act 1992* declares exploration and mining to be for public purposes for a reason that is reasonably justifiable in a democratic society. It has proper regard for the rights and dignity of mankind and that the discovery, appraisal, development and exploitation of minerals development to be in national interests. These are the guiding principles that are required to ensure that the distribution of wealth is shared amongst our people and not centred in one particular area to the exclusion of all others.

I wish to reiterate here today that this is the position taken by my ministry to uphold the laws and *Constitution* of our country. In line with these constitutional directives, my Ministry has gone ahead with the review of mining laws and policies that I have discussed above.

Mr Speaker, in line with the O'Neill-Dion Government's my Ministry is also undertaking the following policy initiatives up to 2015.

These are: –

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- Downstream Processing Policy
- Geothermal Policy
- Mine Waste Management Policy
- Mine Closure
- Sustainable Development policy
- Involuntary relocation Policy
- Dispute Resolution (ADR) Process
- Geohazards Management Policy
- Social Impact Assessment Guidelines
- Coal Seam Methane Policy

Mr Speaker, moving away from the policy front and into the regulatory domain are equally challenging opportunities that have confronted both the Government and the industry over the last few years.

I take this opportunity to make specific mention of the activities of the mines inspectorate of the Mineral Resources Authority who, under the leadership of the chief inspector of mines, have performed exceptionally well. The inspectorate attended to the following last year;

- Inspection/Audits – audit inspections were conducted at the OK Tedi, Pogera and Simberi project. Another audit inspection was also conducted at Ramu Nickel's Kurumbukari mine and Basamuk refinery.
- Inquiries – into one fatality at Lihir and Basamuk refinery as well those four serious accidents, two at Pogera, one each at Tolukuma & MCC were completed. Reports of inquiry for Pogera and MCC pertaining to 2012 were also completed.
- Orders/Notices – a work stoppage order on safety grounds had to be issued to Mt Sinivit mine which has since been vacated. Partial work and stoppage orders were issued to Tolukuma, Pogera and OK Tedi and have not yet been fully vacated in all cases.
- Permission/Approvals – Permissions were granted to Simberi Mine for (a) Rope Conveyor Operation, (b) explosive magazine and (c) construction and dry commissioning of Sag Mill. Thickener and detox tanks. Permission for trains 1, 2, & 3 were granted to MCC. OTML was permitted to use UG Ladder way and

extended up working hours. Permission for exploration audit development was granted to Mt Crater project.

- Statutory Examinations – statutory examinations for mine managers, works managers, mine surveyors, mine electricians and dredge masters were conducted in July in which 18 candidates took part. Eight successful candidates were awarded competency certificates. A total of nine UG Miners permits were issued; six to OK Tedi and three to Mt Crater project

Mr Speaker, the above achievements are commendable given that they were achieved under the following constraints from the sanctioned strength of 18 staff, the inspectorate has only six staff in position.

MRA has embarked on a recruitment drive having made a number of offers to competent engineers to join the inspectorate by first quarter 2014. Inspectors, apart from having sufficient field experience, also need to possess professional qualifications in mining, mechanical, electrical, mineral processing, occupational health and these are difficult to attract from the industry and retain for the above said reason. Equally challenging is the fact that these new recruits need to run through an appropriate training program for inspectors role for which we need to look towards Australia.

Adequate budgetary provisions and delegation of necessary administrative financial powers also need to be made to enable the mines inspectorate discharge its legislative mandate more effectively and efficiently.

Mr Speaker, the current *Mining (Safety) Act 1977* and regulation 1935 are too old to address the modern day requirements and expectations of the continuously evolving technical world. They are not only deficient in capturing the concept of best industry practice but also in proposing appropriate penalties. The current amendments are being driven to address these areas and also enlarge the scope of the Act to include mineral exploration, quarries, geothermal energy, coal bed methane, et cetera.

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The current amendments are being driven to address these areas and also enlarge the scope of the Act to include mineral exploration, quarries, geothermal energy, coal bed methane et cetera.

Consequently, these amendments would exponentially and instantly increase the jurisdiction and workload of the mines inspectorate which would urgently require adequate resourcing of the inspectorate.

The functional independence of the mines inspectorate within the mineral resources authority is also being addressed through new amendments to the revised Mining (Safety) Act being developed by the Department of Mineral Policy and Geo-hazards Management.

Mr Speaker, I would also like to remind this House that my ministry is also responsible for the transfer of mining, oil and gas functions and powers to the autonomous region of Bougainville. My ministry is providing assistance to this process through the joint Supervisory Body (JSB) established under the Bougainville Peace Agreement. The Bougainville Peace Agreement clearly states that the National Laws of Papua New Guinea will continue to apply on Bougainville until such times the ABG develops and passes its own laws. This effectively means that all current mining laws and policies of PNG are still applicable on Bougainville today.

Mr Speaker, for the purposes of this Parliament, I wish to state here for the record that there is currently a mining moratorium on the island of Bougainville that effectively renders any mineral exploration and mining activities on Bougainville illegal today.

Mr Speaker, before I sum up my statement, I wish to notify this Parliament that my ministry will play hosts to two very important events this year and one in 2015. We will host the 50th coordinating committee for Geo-science program in East and Southeast Asia (CCOP) annual session in PNG from 19 to 23 October 2014. 60th Steering Committee Meeting in PNG from 24 to 26 October 2014 in conjunction with the 50th CCOP Annual session in PNG.

The other important event is the Pacific Symposium on managing extractive industries in Pacific Island States to improve human development. PNG will be hosting the next bi-annual session in 2015.

Mr Speaker, to conclude my statement, I would like to sum up by saying that, these are interesting and exciting times for the Mining Sector in PNG and I would like to invite every stakeholder inclusive of politicians, landowners, NGOs, Churches, Civil Society, Mining and Petroleum industry and the various arms of Governments to work together with my ministry and department to develop effective policies and legislations to support, maintain and sustain this important sector for our country.

Mr Speaker, in my term as the Minister, I have also realized that the National Government through its respective agencies that comprises the State Team has always upheld the *Constitution* regardless of the challenges it faces. I wish to commend the State officials for doing their job quietly and well without fear or favour as true public servants.

Mr Speaker, whilst we welcome investors into our country. We must also ensure that every investor do business in accordance with the laws of this country. I would also like to

encourage all affected stakeholders to take ownership of their respective mining projects through the application of international guidelines and best practices principles.

Mr Speaker, there is still a lot to be done for the mining sector and I seek your support, the support of the Prime Minister and this Parliament to allow my ministry to complete the enormous task ahead of us.

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I thank this Honourable Parliament for allowing me to deliver my Ministerial Statement. God Bless You All.

Mr SAM BASIL (Bulolo) – I move –

That the Parliament take note of the Paper.

Mr Speaker, I would like to commend the Minister for Mining and I see that he is one of the very hard working Minister in his Department and he is very proactive in his Ministry.

I was privileged enough to participate in the workshops that the Mining Department has been carrying out throughout Papua New Guinea along with my Councillors and Local Level Government Presidents.

Mr Speaker, many issues that have been raised are reflected today in his speech that he delivered and I believe we cannot wait for the changes to the mining laws that will be brought forward.

Mr Speaker, I would like to urge the Minister as an Open Member representing an electorate that plays host to mining companies, I do share the same issues that other mine hosting electorates are facing.

I recall in the last Parliament I was listening to the Member for Laigap-Porgera saying the same thing and today we have the new Member for Lagaip-Porgera talking about the same issues that have been raised by the previous Members.

I would like to bring to the attention of all the host district Members of Parliament that the MOA's that are currently practiced or put in place by the National Government only recognizes the landowners and the provincial governments, while the districts are not partial to that MOA. Therefore many interests of the districts are not considered. Why I am saying this is because I am experiencing a lot of problems in my district.

We are not recognized in terms of royalty payments. I have to go and fight it out in Court with the previous Governor and we have to physically go and ask for some benefits

from the Provincial Government. The spending of SSG that has been put in the MOA recognizes only the provincial government and the company that is operating in the district to spend the money on where they think is necessary and obviously it upsets the Joint District Budget and Priority Committee and it doesn't go in line with the plans of the district in terms of working together and delivering services.

Mr Speaker, before mine is established in a district any Government should look at preparing the district to take up these mines and its activities. For example, in Wau, Bulolo Mining has been operating since 2009, and we have missed our opportunity of having a township in Wau. I understand that the MOA was done before my time. The company's excuse was that we do not have the basic infrastructure such as water, sewage, law and order.

Mr Speaker, the Minister should take note that any Minister that is going to play host to the mining companies, the responsible Government must make sure that all these necessities must be built in within that town so that it can host the mine as a township. At the moment the people of Wau have missed out big time.

Mr Speaker, the other thing that I want to bring to the attention of Parliament is in regards to roads. The road between Lae and Bulolo was built many years before the mine started. Currently this road has been hammered by huge trucks and the section between Mumeng and Lae and Bulolo is full of potholes and big trucks continue to damage it everyday.

Mr Speaker, that is why before we start up a mine we must consider all these infrastructure so that the township can be built.

My district has engaged the National Research Institute to carryout an impact study of the existence of the input the mine has put into my district. I believe once the findings have been established I will make sure that I will disclose a copy to the Minister.

Mr Speaker, let me also bring to the attention of this Parliament that during the starting period or the construction of the mine there were massive stripping of the mountains and the rocks in order to get to the hard rocks so that they can start the mills and the facilities -

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During those times massive sedimentations have occurred and we have registered our case but up until now the case is still pending. But what saddens me is that the Environment Department seems to help at all. We have tried our best and that brings to the question of Government participation in all the mining companies, now if we are ready to participate as a

owner of the mine or becoming a referee on the field than we should be very careful because we will have a lot of issues such as mine waste and many other issues. Is the Government prepared to stand with the people or mining company and make sure that mining continues and then we ignore all these issues? In my district we are still continuing the Court case in relation to the mine wastes.

Mr Speaker, we do have problems in identifying landowners in terms of reflecting their ownership in businesses and also in the payment of the royalties to the mining landowners of the mining activities in my area.

Whilst on that we do have other natural resources that are available in the district that can be utilized by the Government so that the landowners and even the neighboring villages or the affected communities can participate in other mining projects such as extracting of lime deposits as the case in my electorate.

Mr Speaker, its saddens to see truck loads of tones and tones of crushed lime stone from New Zealand and Australia coming into our mines while we have raw natural resource sitting there ready to be extracted but yet we can not be able to do that.

Other issue is supplying of power into mining operations; they use a lot of power energy so we need to have mini hydro dams which will only cost us K10 million and extra power produced can be sold back to PNG.

There are a lot of miss-opportunities with the landowners and the participating districts so I would like to stress again that the Minister look carefully at involving the districts in the MOA by ensuring that the mine township is built within the districts and the roads and infrastructure must be up to standard.

It's good to see that the Minister has increased royalty payment for landowners from 2.5 per cent to 5 per cent but in the future we must make the landowners must know how to spend their money properly and invest for future use when the mine shuts down.

Once again I thank the Minister for presenting his statement and we look forward for amendment to the mining law so that we can pass it.

Mr GARRY JUFFA (Governor – Oro) – Thank you Mr Speaker, I would like to join this debate in regards to the presentation by the Mining Minister, again I agree with the Deputy Leader of Opposition in saying that he is indeed a hard working Minister.

Having said that I would like to make a few points that I feel it is necessary for us to take note in regards to mining in PNG and at all times we should make a consorted effort to protect and promote PNG is interest.

I have said that a few times and some of us are wondering what that really means, the fact of the matter is that we Papua New Guineans turn to be very weak when we are at the negotiating table, dealing with international organisations and investors and when they tell us what to do we just go ahead and agree without putting serious considerations. That's why we see the return has been the lowest in the world in the form of royalties on our net resources rate which is two per cent.

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We have to learn to stand up, analyse and make decisions which are in the best interests of our people and our country. We can't sell this country all the time and agree to every ridiculous scheme that is presented before us.

We have to do away with this mentality and make a concerted effort to educate our people well. If we need to send them overseas to the best educational institutions, we should do so. We should use the money that we are earning from the extractive industries to educate because we are still fighting a war; a war fought with our minds and hearts, a war that will determine our future, or whether we will be in control of this country or become slaves.

And to win this war we must be educated and be prepared and be able to analyse threats and opportunities and make the best possible decisions in the interests of our country and our people. The benefits that we agree to must be balanced and must take into account the impact of mining on the environment and what will happen to it. Some of these activities can be left for the future generations when the technologies are available to ensure that we can mitigate the threats and the impact on the environment caused by these activities.

We do not have to rush as we are not starving to death to allow powerful corporate forces to come and convince us to immediately sell our resources. And the rate at which we are going we are selling our pig for the price of its ear. We are thinking that it's great and then we are fighting amongst ourselves for that piece of ear.

I would like to touch on the issue of geo-thermal energy which should have its own legislation and come under its own department. Technically it is not a mineral it is heat energy generated and is perhaps one of the most sustainable and environmentally friendly energy that is not exportable. It can resolve many of our energy problems that we face. It can reduce the cost of electricity and therefore reduce the cost of doing business for investors and ourselves as well.

We must be in control of that energy. As I speak, I understand that there are already vultures swooping into our economy. Transnational entities understand that PNG is wide open for business and is ready for exploitation because we say yes to everything. So they say it is a great place to do business and bring their ulterior motives and concoct their outrageous schemes and we sit down process it and agree to it.

With geo-thermal energy we must retain hundred per cent and we must create a department with legislations that will be responsible for the geo-thermal energy and use that energy where we can. We are very fortunate because we have access to this resource. And I would like to see more effort given to the resource regulatory mechanisms that are in place.

We need to adequately resource the people that are involved in the effort to review and monitor our resources. In Oro Province for instance, we have sent mining wardens to conduct mining warden hearings. There has to be checks and balances and we must adequately staff these people. We must ensure that there are people there to corroborate what they are doing, because they can be easily misled because they are under paid public servants and can be easily influenced.

So they are not loyal to the State because the State is not loyal to them. These are some considerations to the efforts that I believe we should take on board. We must also ensure that there are laws in place to protect our environment. If for instance there is a chemical spill, we can hold the companies and individuals accountable. When volumes of cyanide pour into a river and affect various species of animals and even humans, people and companies responsible should be held accountable for their actions.

Right now we don't hold anyone accountable so I suggest all permits for exploration be held by the State and leased out.

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We don't have to sell them for nothing, which is currently what happens, and all manner of little wheel-burrow companies from everywhere try to buy a permit for nothing, run around and mind the stock exchange in whatever country and sell it at a huge inflate of price. And then we have to run around to look for money to fork out to develop our own resources, it's ridiculous, it doesn't happen anywhere else in this world except here.

We should also carry a periodical review of the outdated laws and there are many. These laws are created by our colonial forebears, we could say, or let's say those who were

here previously claiming to have colonized us and, therefore, those laws were structured to benefit them, not us.

That is why when we always talk about the economy, sometimes I'm wondering, it's not our economy, we are talking about someone else's economy.

I'd also like to suggest that we should ban the export of all alluvial gold by foreign companies. Let's confine that business to Papua New Guineans. Let's support our Papua New Guinean businessmen and let them be the only ones to export alluvial gold.

And let us consider the development of a gold bank for lean times because those times will come. These are times of plenty, we have so many resources right now but there will be times when we are lean; when we have no money; when we will have no resources and our people will be hungry because our population is exploding and so forth.

Those are just some considerations that I thought the Mining Minister could take on board and incorporate into the changes but I will continue to remind him of these from time to time.

I would also like to suggest that all provincial governments must be consulted when there is any effort made by a company or an individual to come into that province and carry out a particular mineral resource type activity, whatever it is.

Mr BEN MICAH (Kavieng – Minister for State Enterprises) – Thank you, Mr Speaker, I wish to comment on the statement from the Minister for Mining.

Mr Speaker, I wish to commend Minister Chan for his very comprehensive and detailed statement which he has brought to us on this very significant sector that contributes immensely to our country and the government's budget support.

I wish to also commend the Minister and his department for engaging all the stakeholders and for the regional visits which gathered the views of a cross section of the community.

I believe your statement and the policy that will come later will incorporate the views of a wider cross section of the community as well as industry players.

Personally, I look forward to the policy statement that you will present later. If this statement is an indication of what is going to be in the policy then I must say that it is very encouraging indeed.

Mr Speaker, I do not wish to speak as Minister for Public Enterprises or State Investments but because the statement remains a statement at this stage. I want to speak as a Member in a district from a province that over the last 15 years has contributed to the

national economy between 10 to 15 million ounces of gold from two mines. There are currently 14 exploration licences, some are on land while others are in the sea.

I wish to air some views which I wish we can examine at NEC level but on the resolution of Parliament in general because I believe that this industry, although being a significant revenue generator to the economy and budget, is an industry that we should seriously take note of where it is going to lead our country and what it has done for our country over the last 100 years.

This is an industry, which although supports the economy and budget, has caused some very serious problems in the country. These problems should not be swept under the carpet when we talk about the mining industry. We must take note that this is the industry that has significantly polluted and is continuing to pollute a very major river system in our country that is affecting the lives of hundreds of thousands of people in the Western Province.

This is the industry that caused a bloody conflict that lasted for more than 10 years resulting in the loss of many of our people's lives.

This is the industry that after taking out more than 10 to 15 million ounces of gold in my province, which is a thin little island, composed of many little islands. We are still struggling for very basic things that the Governor of the province often speaks of. We are still confronting the issue of promises that the National Government and the mining companies have broken as commitments in the Lihir MOA over the last 15 years.

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Mr Speaker, I think that we should think seriously and assess this industry. In terms of gold alone, Papua New Guinea is the eleventh largest gold producer in the world producing about 60 tonnes of gold. Countries like Australia and South Africa that were leading in producing gold, today their production is declining. China is now the number one producer of gold and number one importer of gold. All the countries over the last 200 to 400 years that were leaders in producing gold are now declining. Why is this that we are sitting there with arms open and wanting to squander these gold resources which cannot stink like food? The metal can sit in the ground for a thousand years. We can refine it and put it somewhere in a warehouse or in a Gold Bullion Bank and it can still stay as it is in its form. I believe that there is no difference in taking out these metals from the ground as it is and processing it. All the industrialised countries continue to divide the nations of the world by extracting metals from primary producing countries. They take the gold and other natural resources and

evaluate it and recycle it again and they sell it back to us as products. That is the material that left our country 20 to 50 years ago.

Mr Speaker, I am grateful that the Minister has brought his policy for this industry. There are many issues concerning ownership that many of you will speak on but I want to speak on the problems associated with this industry such as pollution caused by this industry. For instance, the Fly River and has caused much grief and was a setback to the economy of our country for the last 10 years. Should we be jumping up and down over this industry or should we leave the metals in the ground where it won't rot? These metals won't be destroyed by pests it can be left in the earth until we have the proper policies in place and when the other countries run out of this metal we are going to be a player in dictating the price of metals 50 years from now.

Mr Speaker, I would like to commend the Prime Minister for the brave move he made in regaining 100 per cent ownership of OK Tedi. The media is publishing misleading statements by the moguls of gold who control the metal industries of the world. They do not want Papua New Guinea to be a major player. They want Papua New Guinea to be *bush kanakas* of primary producers only so that they can dictate to us in the years to come.

The Prime Minister has taken a very decisive step and I believe the Minister's policy will only strengthen us to move in that direction but we must not issue too many licences. Let us evaluate and examine the problems that we encountered in this industry such as pollution and bloodshed. It has also left large mine pits in the mine sites such as Misima, Bulolo, Lihir and Porgera. There are always problems associated with mine sites such as environmental damage and risks to the peoples' lives. The Minister has come up with a good policy and I think we should really listen to the voice of the people who speak from experience that this is an industry that if we need to really control we must do that and no foreigner can dictate to us. We should follow the right course that the Prime Minister has already set in this industry

Mr JOE KOIM KOMUN (Anglimp-South Waghi) – Thankyou, Mr Speaker. I would like to partake in this debate. Firstly, I thank the Minister for Mining for this report which is very comprehensive and has shed light for some of us who are new to this industry. We are now aware of the issues affecting the mining industry and the policy initiatives of the Minister in the O'Neill-Dion Government. I would also like to thank the Speaker for appointing me to represent the country at the ACPU Assembly Meeting.

I thank you for selecting me to represent PNG at the ACPU Assembly. The deep sea mining was discussed at this meeting and I was appointed to share on this topic. I have participated at this gathering twice. This is the third time for me to have attended the same gathering.

Mr Speaker, I do not have gold in my electorate, but as leaders we should look and prepare ahead. We all know that gold generates a lot of income for the country and we cannot deny that. So, I also want to support what my colleague Members have already said. I think by this time, Papua New Guinea is generating a lot of money because of its mineral resources such as gold, oil and gas. However, the tenancy is that where there is surplus, there is opportunity for abuse and mismanagement.

Mr Speaker, some exploration licenses have already been granted but if we have so many companies wanting to mine our minerals then over a time the mineral will appreciate in value. We have to also think of mineral pollutions and come up with good policies. We must have mechanisms in place to control the industry.

Mr Speaker, we already have enough money so let us look after the ones we have and manage the incomes. Many people are now experiencing the mine pollution. People living near the mines are getting sick.

We have to pass laws to strictly control the miners who want to come and mine our resources so that they can pay to come and mine. In terms of equity sharing,

Mr Speaker, I think the notion that PNG is a dangerous country; is actually stopping off-shore companies from coming into our country so we need to change that perception.

I think it is about time we make bold decision for our people and our future generations. We must increase the landowner equity and as Papua New Guineans it must be shared too. Let us give to the respective Provincial Governments so that every Papua New Guinean can benefit.

So, Minister for Mining I suggest you re-look at that suggestion because it will be only fare for all Papua New Guineans to benefit.

Mr Speaker, I am grateful for this comprehensive report. And if such minerals were found in my electorate in Anglimp-South Waghi, I would not allow mining to take place because that can be substituted with agricultural activities.

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If there is a mine located up in the mountains of Anglimp South Waghi we will have to put a stop to that.

Mr Speaker, consider the amount of environment damage impact it has and how the land suffers. It will rob us the benefit of investing in agriculture because we are over-digging it and the land will become dry and barren. What are we going to use that barren land for? It is about time we take into consideration all these aspects.

Mr Speaker, I thank the Minister for his statement and as leaders, we have to take the bull by the horns and we should not be easily influenced by investors to serve their selfish interests.

Mr ALLAN MARAT (Rabaul) – Mr Speaker, I also join my colleagues to express my appreciation on behalf of the people of Rabaul regarding the Ministerial Statement by the Minister for Mining.

It is a very detailed statement and very informative and most of the information in the statement are very new to us, especially the changes that have been done within the department.

For some of us we are convinced that better things are bound to happen in the extractive industry.

Mr Speaker, this may be a new resource but it was part of the package in the mining venture in Lihir mines. That was the provision of geothermal power.

Mr Speaker, I agree with some of the points you raised in your statement especially on the idea of ownership where the National Government wants to give 51 percent to landowners and 49 percent to investors. Geothermal resource is a new industry in Papua New Guinea although it has always been in this ring of fire.

Mr Speaker, geothermal resource is not seriously or strictly a mineral but I understand that the Mining Act has already been amended to include geothermal resource under the definition of minerals and it will put us on the edge of really needing foreign investors.

Geothermal can be a 100 percent developed by Papua New Guineans because we have enough landowner companies who are financially sound and they can be pulled to invest in the country.

Mr Speaker, in terms of the equity participation I suggest that in the geothermal resource development we would rather leave it to the investors financiers landowners and the districts and their provinces to decide on the kinds of shareholding and its benefit sharing in regards to this geothermal development project.

Mr Speaker, it would be fitting for all these stakeholders to thresh out among themselves because we are not really looking at 49 percent for investors from outside. We are looking at 49 percent for investors within Papua New Guinea.

Mr Speaker, with geothermal being a new industry in this country, it should be looked at along with solar power, wind power and maybe it can have its own separate department and called it Renewable Energy Resources Department.

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Geothermal Resource is not a mineral that we can extract from under the ground and export it, no, you just have to drill it and the heat and water under the ground flows through the pipe and goes through the turbine and produces the power and its simple as that.

Mr KERENGA KUA (Sinasina-Yonggamugl – Minister for Justice and Attorney General) – Thank you Mr Speaker, a lot of very constructive debate has taken place on this very important subject but we still need to listen to more comments from within this Parliament and also from outside to be able to develop a way forward on what is to this country a very important subject matter.

My disappointment this afternoon is that a lot of our elected Members of Parliament are not here to listen to this debate and to contribute to the debate to be able to shape the policy going forward. Because down the track this very same people who will be complaining at the other hand so I would have thought that when economic papers like this are presented every Member of Parliament would make it their business to be here listening and contribute when they can rather than down the track when the horse is bolted.

There are number of comments that I want to make and some of them have been already mentioned but I would like to elaborate upon that. The first point is about the need to have steady approach to the exploration and harvesting of our non renewable resources because the description itself defines the situation and it is non renewable.

Once you have taken it out you can't put it back its gone and because this is a country which, depends upon that kind of business activities to finance its survival we need to do it in a way that ensures resources last for a long time going forward. So that many generations can benefit later, most exploration and operating licenses are given without any objectivity.

Now when that step takes place we are committed to a cause from which we can not re-track. Because once discovery is made your hands are tired and so it is important that before

exploration licenses are issued we need to be thinking about how much of this resources we want to harvest and that should begin with firstly, by deciding what sort of sustainability -

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We need to think about how many resources to harvest and that should begin by deciding what sort of sustainable economic growth we want in the country. We need all policy makers to work out the development agenda for this country and fix the growth rate that is suitable for us.

This will enable us to calculate how much money is needed to finance that growth. We then need to issue enough licences to finance the predetermined growth rate. Whatever that is surplus should remain in the ground. It is safer in the ground than when we extract, because we cannot keep it safe for the future. I have never been disciplined when I put cash in my pocket. It is better to be in the bank or somewhere safe. The same principle applies to extractive minerals. So we need to talk about a standard way of approaching our non-renewable resources and that bit was not covered in any detail by the Minister.

I hope he takes note of this because the Member for South Waghi has already mentioned that point in his statement and I am elaborating on that. It is important that we have a good approach to harvesting our non-renewable resources so it is sustainable and can be harvested by future generations as well.

The next issue I would like to mention is the State participation rights in this kind of arrangement. The current arrangement is a colonial one we inherited through independence without careful thought on whether it is beneficial to us as a country. The current structure begins with a situation where the State owns the minerals and it issues the exploration licence and the explorer using the licence makes a discovery then the State as the owner is compelled by law to issue a development license.

A development license is issued free of charge and along with it goes 100 per cent of your mineral and petroleum to the developers' hands. You do not get a toea from him. Once the license is given you forfeit your ownership to him and that is sanctioned by our law and that is the regime in which we operate.

That is the anomaly that we need to understand and talk about to the relevant Ministers and we ought to be looking at moving away from that regime. There are many other systems used around the world that ensures a fair compensation is received for their ownership. We here get nothing for our ownership.

At some cost you are invited as the previous owner to come in and participate and take a share of it back by refunding the explorer a certain percentage of what is spent during the exploration. Since when did we have the expertise to confirm that? It is purely exploration cost that is being refunded. But why should we refund it at all when we own that stuff? It makes no sense that we should buy what is ours, simply because we have given it away through a development license. That is the weakness that is denying us of fair compensation of what is justly ours. The agenda is on the Floor and it depends on the will and the leadership of all of us here in Parliament whether we want to see ourselves being ripped off and marginalised and continue to complain or whether you support a reform to be undertaken by this Government through the relevant ministries and set up a template in which you will get a fair share from the royalties.

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It depends on the leadership and the will of those of you here on this Floor of Parliament, whether you want to continue to see yourselves being ripped off and marginalized and you continue to complain or whether you support a reform to be undertaken by this Government through the relevant ministry. And you make sure that you set up a template to make sure that you get fair royalty because the average around the world is 40 per cent free of charge.

They operate such arrangements called production sharing arrangements where the legislation demands that 40 per cent of the recovery at the well-head or at the point at which the ore becomes metal goes to the owner. And it is pre-carried.

You don't have to buy back nor to go further and finance any additional commercial interests that you want to acquire between the 22.5 per cent in minerals or 30 per cent in petroleum.

Mr Speaker, this is a very live subject at the moment for this Government and we are dealing with it in a responsible way, as we always do on all issues.

Firstly, we are organizing the State participating entity, We are rolling our participation into one agency to avoid all the confusion that prevails when you have too many participating agencies of Government. We are going to streamline that into what people already refer to as the Kumul Trust Company.

Once we have got those mechanisms in place as the State participating agencies that will define who the State agencies will be in those kinds of businesses and those enterprises or agencies will be empowered with the necessary legislative reforms which we will bring

through this Parliament to make sure that we get fair share, fair compensation for what is rightfully ours. And then after that we can talk about how we share. That's a family issue.

The other issue I want to talk about is the issue of ownership as between provincial governments, landowner's districts, families about mineral ownership in this country, an issue in which we enter into contests with the Independent State of Papua New Guinea all the time.

I would like to say that ownership of mineral is synonymous with the sovereignty of this country. The ownership of minerals must always remain with the Independent State of Papua New Guinea. And then the State will then, through negotiations and dialogue with all elected leaders, representing provinces, districts, families, landowners etcetera can talk about how we share.

But if we delegate these functions away to smaller groups of people than we will at the same time be chipping away the cornerstone, the sovereignty of this country. And so it is incumbent upon us as leaders to carry out a responsible dialogue amongst ourselves and debate out there in the public, educate our people that minerals must always remain with the State. Without that we will not have a sovereign nation to talk about.

There's a final point that I want to make, Mr Speaker, and that's about value added processing in this country.

That's another interesting agenda that all of us have an interest in and we'd like to see that happen. In order to do that we would need cheap energy, in order to smelt you own copper and gold you'd need cheap energy. With cheap energy you can industrialise this nation. And so, Mr Speaker, the three ingredients that we always need, as I always say, to industrialise the nation,, bring substantial development to this country.

The first one is cheap raw material, number two is cheap labour and number three is cheap energy. We have the first two. We have cheap raw material and cheap labour. Though we have cheap energy we sometime export it without making adequate provision for what we need in this country to fire up an industrial revolution.

It not sophisticated. All these things can be done provided you have the studs lined up properly and those re the three studs that you need. We have two and now we will have three but why give away the third and therefore, again forfeit an opportunity whet it's here.

Now this leads me to the point about making sufficient provision when it comes to negotiating gas and petroleum deals. There must be adequate provisions made for domestic market requirements. It is very important but at the moment hardly any provision is made for meeting the domestic requirements in this country.

I would have thought that ordinarily speaking, that would be our first priority but it is not. As the Minister for State Enterprises said, when it comes to the negotiating table we are happy to give away those opportunities. We don't stand up and bang the table –

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When it comes to the negotiating table, we are happy give away those opportunities. We don't stand up and bend the table for our right that this country is also entitled to develop itself as they want to see their respective country develop. We too have a burning desire to see that happen here for our citizens to be given a better deal using their own resources it is high time, Elk Antelope is coming up and every other renewable energy prospects are coming up to the negotiating table. I suggest very strongly that our negotiating team must make sure that there is sufficient provision to meet all our domestic market obligations as priority number one. We need to establish how much power is needed to put in a smelting facility for Wafi Gold or for OK Tedi and then we need to see how much power will go into rural electrification.

Someone needs to do a study on how much power we need to electrify all the rural areas of this country. Once we have established the total amount of electricity we need then we go to the negotiating table and we say this much is needed in the next five years and the next 15 and 20 years going forward. We want to see these provisions included in the contract.

The next point is about the pricing. When we try to talk about this, they try to pin us down by pricing it at international prices. When you talk about domestic market obligation and you try to make provision and they come in the other way and they still defeat you by the pricing mechanisms they deploy. We need to understand that they have no interest in being an agent of change for this country. Their interest is to grow their company and stock value. They have to maximise their cash-flow and make sure that all the expenses are minimized. We need to work against that and understand that pricing mechanisms must not be used to defeat our agenda so whilst asking for appropriate adequate domestic market provisioning, we must also ask for the correct pricing mechanism not at Singapore or anywhere else but cap it at the well head where gas and oil is concerned. As soon as it hits the surface of the ground that's where you price it and then you take it up and pipe it away, processing it for Papua New Guinea and develop this country. These are some of the important issues that we need to remember. The responsible ministers must take note and make sure they pursue the interest of the State and the interest of our people in the country when they are negotiating these

important projects and locking us up in agreements. Once you sign the agreements you are locked in for the life of that agreement unless you have to review it at the intervals prescribed but usually that's a long time down the track. By that time, we are out of this Floor of Parliament and new generations come in and they don't know what the issues are and the opportunity of a lifetime is lost. Let us be very careful. Whilst I am very grateful and appreciative of a very detailed statement, I think it gives us a good opportunity to contribute together and to share the policy that will be beneficial to this country.

Sir MICHAEL SOMARE (East Sepik) – Thank you, Mr Speaker. I would like to contribute to the debate on mining in this country. In the past, we were not well educated but yet we negotiated for mining operations to take place. We were blind and we gave in easily because these investors had money but little did we know that our land was full of wealth with gold and oil under our land.

Mr Speaker, I am pleased with the Ministers statement but we must be given ample time to carefully examine each provision in the policy; for instance the types of licence and the various developments occurring. We continue to talk about things that the Government should do but we should focus more on the things the developers would do. We should come up with policies on how to issue licenses to these developers who will only exploit us to make money. These developers promise to explore only, like they did in Lihir and OKTedi.

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The *Mining Act* was passed in 1992. It is about time the Minister for Mining and Minister for Petroleum negotiate in the best interest of Papua New Guineans. We are being deprived of our forestry and mining activities. For example, I was once a Foreign Minister under Sir Rabbie Namaliu's Leadership and I went to Lihir to negotiate with the landowners there. At that time I was also the Mining Minister.

I was there to negotiate on behalf of the Government. So I told them that the Putput Plantation was going to be taken by Mining Company. They agreed but asked what to receive in return. I told them that the new mining company will go and mine the gold and they will build their township. That was then but now we have a lot of intelligent people so you should not waste your time. Do not just wave your piece of paper but rather put the paper on the table and tell us what you have. We must change our attitude towards mining in this country.

I have helped a lot of people with their mining submissions and advising them to go and see the Minister. But every time they come the bureaucracy says that you cannot do it because you do not have the resources.

I applied for mining license on behalf of the people of Telefomin. But today, Mr Duma has not given me undertaking at all. They have sub-divided all the blocks given to the mining company so Papua New Guineans own nothing. Other people will come and steal from you because you are not courageous enough to stand up and speak.

Some of you are highly educated but yet you cannot support your people. I am an old man now and look at you, you are wasting a lot of time. It is about time people get together and put their minds together if you want to achieve something. You can achieve it in your own way.

Sadly, some Papua New Guineans are stripped off from their mining licenses because they do not have the money. I have my paper here with me but I will show you at a later date.

The point is that how can our people in the East Sepik Province be stripped off their license. Because we are too ignorant, outsiders are given license instead. So, Mr Speaker, I challenge the Prime Minister to review all the mining and petroleum license.

I urge the Minister for Mining to demand from Mr Agiru the 5 per cent of every thing that has been extracted. That was what I did and that should be the same everywhere with a new mining company. Do not listen to them because they do not have resources. They can tell you anything but they will dig your resources because they do not have it. You are lucky, God gave you everything.

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You are privileged and blessed with so much land that has richness in it. People envy you and will try to manipulate you for their own selfish interests. For example Lihir Mine, we gave approval for the mine to begin and today I am told that there is not enough benefits springing from that mine.

Gold has been extracted out from underneath the water and one has to ask how much benefit really goes back to the islanders. The language used in Lae is '*aritayambo*' which means nothing at all.

Mr Speaker, we must support the Attorney General. The Mining and Petroleum sectors must review the system of licensing and how they negotiate with investors. I am pretty sure our own people can go out and negotiate better benefits for our people with our land and attract investors, not as major shareholders but partners in development.

Mr Speaker, a lot of us sit here everyday and listen to Ministers talk and we don't seem make a good contribution. There is no debate and all we do is listen to Honourable Richard Maru or Honourable Ben Micah and we say things are going to happen.

Mr Speaker, the other day one of the Members asked me about the public service in my province. I must say here that in order to get things done, you have to pre-commit favours so things can happen.

The young Member for Ambunti-Drekikir, Honourable Ezekiel Anisi, is a new Member of Parliament who recently joined politics and is yet to familiar himself with the public service machinery and the system.

Mr Speaker, Mining laws are very important for Papua New Guinea. We need to be aware of persons and companies who are bent on just manipulating our systems and laws. They have made their mark in Oil Search and Interoil and as the former Chief Executive of this country, these foreigners are great manipulators.

Mr PETER IPATAS (Enga) – Mr Speaker, I take this opportunity to commend the Minister for Mining for his leadership in the Department of Mining especially introducing and working on the changes that are trying to happen.

Mr Speaker, I am very encouraged to listen to some very passionate speeches and the way the Honourable Members of Parliament have been speaking, we owe it to our country to actually wake up to the challenges ahead.

Mr Speaker, we are embedded with this system and it does not mean it can change overnight but as we are collectively doing something with the political will, it will happen.

Mr Speaker, the Prime Minister has taken a bold decision regarding the Ok Tedi Mines and it is not an easy task to take on this multi-billion corporate entities.

Mr Speaker, the Grand Chief Sir Michael Somare has warned us that these people are very powerful people and they can easily influence our nation.

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This people are very smart and they can influence us very easily and get what they want so at this point in time we have to be careful. I want to elaborate on what the Prime Minister has said. Most of the Members are new comers with vast experiences in different educational backgrounds so we must fully support the Government of the day in supporting the Prime Minister. We don't have to blame the international company because we gave them the green light for them to come.

And so I want to support what the Minister for Attorney General has said and I urged you that it's about time you advise the Government. Your statement was one of the best speeches I have ever heard in a long time on this Floor of Parliament and our people needs this kind of leaders.

Our people really want and need changes in this country and so when you new leaders debate constructively I feel that it gives high hopes to our peoples. And I also agree with what Hon. Ben Micah has said. But the problem is when constructive debates are made on this Floor of Parliament and once we get out of Parliament we forget all about it, we must try and maintain at what we have say and keep up with it.

Most of us here are highly educated and so we have to keep up with our words and do what we say instead of ignoring it completely. If other parts of the country can prosper and benefit why not we do the same? How many trips taken by Governors, Ministers and Members to other countries to learn new ideas and yet no changes at all, what is the hiccup?

The onus is with us leaders and I truly believe and trust that the current Government can do something positive for our country so that our people can benefit from it. You approach with the issue of OK Tedi is the step in the right direction and many people can gossip about it but the mine is not closed yet.

I had a meeting with Barrick yesterday and they mentioned that they paid for the gas using Singapore prices in Hides.

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The raw gas extracted from hides and a bad precedent has been set with Oil Search. Though we have oil and fuel we are paying Singapore price and our people are suffering from paying high price for oil and fuel.

Then there is another company that comes later but when we want to negotiate at another price we cannot do so because we have locked ourselves with one company and we are saying that Barrick can now buy the gas from Hides at Singapore price. While they are paying that price the national government is losing in terms of tax and landowners are not paid because of the huge costs incurred.

We need to and since the Government has taken this initiative with Ok Tedi, so instead of talking about the future let us take a step back and see the impact it has on the people of the project area and how we have missed out. We must carry out studies on the environment impacts of the projects as we have enough educated and qualified people in the country that can be tasked to do these studies.

They can find out where we have gone wrong and advise the government properly so we can look to the future by making corrections upon their advice. The Grand Chief has said so himself that people come in and lie to us and the onus is on this government and its team to take the bull by the horn.

The views expressed by the Attorney General should be seriously taken on board and this debate should be conducted at the Cabinet level so that you provide the leadership and we take ownership for our country, because for far too long it has become a country where anybody can come and do as they please.

When we go to Australia even as a leader I feel scared I may upset them and their laws. But when we have visitors to the country it is a different issue. This is an opportunity for us as leaders to correct some of the things that we have done wrong and set good examples for the future.

Ms LOUJAYA KOUZA (Lae – Minister for Community Development) –Thank you Mr Speaker, I would like to commend the Minister for Mining for his statement that challenges our political will and collective effort. In the entire presentation the buzz word for me that I am passionate about is the national content plan. Our baseline for protective mechanisms for which we must legislate in our best interests and practice with sustainable considerations and the ownership component and the free carrier are well heard.

I look forward to having that national content policy achieved this year and

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Having that National Content Policy achieved this year and commending and wanting to work with the Mining Minister in an inter agency approach on a National Content Plan that is a template that not only affects the mining petroleum extractive industry but one that is equally applicable to the human resource of this country by way of relevance to EID and civil registry, land development, intellectual property copyrights to ensure that we maintain our national sovereignty by having in our possession and ownership not only the gold bars but the first card of our wealth of collective extractive industry intelligence, land ownership intelligence, national population and electoral roll intelligence, much of which is not in our possession and ownership but in the hands of our development partners.

And yes, while we talk about the mistakes of the past, we had the opportunity in previous years under previous prime ministerships to correct that but now if we do not correct

this, in this window of opportunity, in this period of time under this Ninth Parliament, then we would have lost all opportunities again if we are looking at a future government that is going to come and do this. We are in the here, we are in the now, we are embracing this opportunity, we are educated well enough in order to understand and we have seen the mistakes that have been made and this is an opportunity that goes begging.

And again, I would like to offer my department's presence there to work with you Mining Minister, eg embracing him and the comments that he has made and also those of you who are also equally passionate in whichever niche you see in how we can foremost anchor this National Policy that will infringe into all those areas, not just mining and petroleum but into all the areas that are relevant to bringing and usurping our sovereignty. And we can't blame anybody else if we are going to have a piecemeal approach with one department doing one thing and not addressing everything and all departments not addressing the total development agenda in all its totality.

So again, I look forward to hearing you take and give the direction of all our input into this and bringing to this Floor this year, the National Content Policy.

Mr RICHARD MARU (Yangoru-Saussia – Minister for Trade and Industry) – Thankyou Mr Speaker, I firstly want to congratulate the Mining Minister firstly for a very good paper. We all talk and talk and get ourselves psyched up but when we go out, we forget everything that we gave said.

I want to draw your attention to countries like Indonesia and Malaysia where they have introduced what is called production sharing as stated by the Minister in his statement. I sat down in discussion with both countries and interestedly both have said that the big global majors like Exxon Mobil and Shell after the change from where we are today, they are still there. They are still exploring there and they are in partnership with them. Indonesia has gone a step further and told them that if you don't refine in our country, we will charge you export tax. And these companies are still there.

Mr Prime Minister, God has raised you and all of us in this Parliament to make the change and resolve on this Floor that no licenses will be issued for the next 12 months. I want to move this Floor that we get out there and look at what the rest of the world has done and make some changes to the current mining and petroleum laws that we have. In Norway, for example, these companies are charged 80 per cent tax and despite this hefty amount, those companies are still there. These companies tell lies that they will leave but they are still there.

So, Prime Minister, you have already started with the Ok Tedi Mining Ltd and I want to move that we make a bold move here that we step up and support you and let us take it all the way. So let us do it in this Parliament while our Father, Grand Chief Sir Michael Somare is still here with us, let us do it. We have learnt enough lessons from our mistakes and the whole world has taught us enough lessons and we must beat around the bush anymore. As Trade Minister, I have travelled around the world and seen what the rest of the world does. These companies will still be here, they are not going away. Why are we rushing to issue another license? We cannot change the current mining agreements but we now have the opportunity to make change with the new gas projects that are now coming on line.

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The gas is already here, we can't change the rules for the projects we currently have but we now have the opportunity for the new ones to come. We have to maintain the agreements we already have in place. I think this Parliament should resolve today that we will put a stop to any more new projects. We must change the laws and policies first and then we talk before we go all the way. We should not talk too much and excite ourselves; we might forget what we said. What are we scared about? I recently travelled to India and Malaysia and they have expressed interest to come to Papua New Guinea, they are not concerned about our law and order issues they want our raw materials.

I would also like to support my colleague Ministers in saying; we have been supplying raw materials to the world for too long, when will we stop? Recently, I talked with some Indian investors who want to come to Papua New Guinea to set up a gold refinery and I instructed them to establish a joint venture with a local company. This investor then suggested that they would take the gold to India to process it and I rejected their proposal and told them they can only process it in PNG and then supply the Indian market.

Mr DANIEL MONA (Goilala) - Thankyou Mr Speaker, much has been said and I want to thank the Minister again for bringing this very important policy to this honourable House.

How are the people benefitting from these gold mines? We need to go to the mining townships and see for ourselves whether the people are benefitting. I come from an area with a gold mine that has operated for the last 20 years and yet the people are very poor. Let me give you a scenario of how much the people get in a month from Tolukuma gold mine. The

lowest is K5 and the highest is K200. A total of less than 500 people own the Tolukuma gold mine so put together they get paid about K20 000 a month. But all the millions of kina have gone out and people have not benefited. A bag of rice costs about K20 and how can they buy one when they earn only K5. I'm giving a different scenario that mining brings; it makes our people become beggars on their own land.

We also need to see how they calculate the royalties or percentages for the landowners and up until today, I still don't understand it. In logging we know its K30 per cubic metre so it can be calculated but for mining we are given too many figures and we don't know how much we are supposed to get.

Another policy that we need to look into is the fly in - fly out operation and start building the township because these towns will bring development to our remote districts. The developers in partnership with the government has to bring government services such as health and education so that when we build up the township we have employers living at the township and they build up the economic activities in the area. When there is fly-in fly-out operation nobody spends any money there and the villagers remain the way they were before. We support the policy that is before us.

With building reserves, it's time that we make a law here that every time we produce gold, we must leave a certain percentage here in the country. If we continue to export everything, we will become a skeleton country.

With MOA agreements, we always talk agreements but do we have a monitoring system that ensures that these agreements in terms of landowner benefits and government commitment are adhered to. Are we following these MOA or is it another public relations stunt?

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In terms of the landowner benefits and the government commitment, are we following the MOA commitment? Or is it just another public relation stunts that we should make a good MOA but at that end do not achieve results?

We need to also look at reducing the number of 750 sub-blocks which is 2500 square kilometers and reduce it to 325km. For instance, my area covers part of Oro Province and ends up in Kairuku-Hiri. So if we are talking about the mining lease area that is a big area to cover. And if there was to be a meeting in Kokoda how do you expect me to walk from my district to Kokoda to attend that mining meeting and likewise in Kairuku area. If the sub-blocks are reduced in the exploration area then people will have the right to speak. Currently

it is huge that people not from the actual mine areas may participate in the mining lease and that is really not fair.

Mr Speaker, exploration companies came to Goilala District claiming that they have done a lot of exploration work. We have seen them taking soil samples away but not a result has been reported back. We also know that people living along the river normally travel Port Moresby to sell gold nuggets. So there is no real proof as to whether the exploration companies are exploring because they are just dealing with samples that has no results.

Mr Speaker, the Government should free the exploration license from those companies still holding onto their license for too long and give it to companies who have the money to conduct exploration work, report the results so that we can look for investors to come in and develop the area. How can development take place when one particular company is holding the permit of the whole area?

Mr Speaker, speaking of license and permits how can we as Papua New Guineans obtain such permit because when you try to apply, you are told that it only belongs to a white man and not a black man. So who is going to come and advise us which license to apply for? Is it the geology student from the UPNG? I think it is about time the Department of Mining tell the people of Papua New Guinea whether they are qualified to obtain certain mining and exploration permits. I am also very confused here because I do not know how much money we should have on hand in order to apply for such permits. Is it K100 million?

However, Mr Speaker, I thank the Prime Minister for taking ownership of Tolukuma and Ok Tedi Mines. Since these mines are now owned by the State the Government must take the lead. We must indicate the landowner benefits? What percentage are the investors getting and what percentage or benefits are there for the landowners as well. We should walk the talk and not just talk. Thank you.

Mr BOKA KONDRA (North Fly – Minister for Tourism, Art & Culture) – I would like to thank the Minister for Mining for presenting his statement on the Floor of Parliament. Mining is a very important agenda. I think we are on the right track because we are complying with the *Constitution*. As stipulated in Section 53 sub-section 5 clauses a, c, & d that resources found in the land, beneath the river and the sea belongs to the indigenous people.

I think this is the right directions taken by the Minister for Mining because this will safeguard the future generations. In Papua New Guinea, we are rich in mineral resource

abundantly blessed by God. So it is time we plan well and set a destiny for our future generations. What is taken now is only being borrowed from the future generation.

Mr Speaker, I would like to see three departments working closely together because they are inter-related. If we are talking about improving mining policy, we need to also look at the land issues.

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Even if we pass the legislations on mining or improve policies on mining, there will be still problems in relation to Lands. So the Department and the Ministry of Lands must work together. If we wish to take ownership of our resources like mining, we have to also take ownership of our land. This also includes the Departments of Petroleum and Energy, Environment and Forestry. I have a strong belief that we must all work together and do all the legislations at the same time rather than legislate one first and the others later.

Mr Speaker, the other issue that I want to highlight is that many times, I see that when agreements and consultations take place, many investors bypass respective leaders especially the politicians who represent the people in the districts and go straight to the landowners. One time, I told them that if you have a grade 10 education, you must talk to another person with the same level of education rather than someone with a grade one education because by the end of the day after the negotiation, you are actually killing them. So I would like see negotiations to be a full consultative process where a full dialogue with held between the stakeholders.

That is the reason why we represent our districts in our respective provinces. The people have mandated us to represent them in dealing with all these issues affecting our people in the districts. Despite this, I see investors bypassing us and going straight to the villages and we are surprised when our people call us and inform us that they are looking for leaders to make negotiations but it is too late because the agreements are already signed.

Mr Speaker, in our Papua New Guinea way, I tell my people that they know about negotiations, agreements, signatures, compensations and beating kundu drums but they do not know the underlying laws affecting this country. So let us this time construct proper dialogue and consultation processes.

The other issue is that we find all these resources in the bush or in towns where many people live. For instance, in Ok Tedi when I was doing grade one in 1981, we were amazed to see a huge vehicle come to our school because we did not know that there was going to be

a mine there. As I was the eldest in the school, I led everyone outside and followed the vehicle to where it stopped. We were astounded to see a small man drive such a huge vehicle like a house to that place. We thought at the time that this was the start of civilisation and everything was going to be good so we never went back to school when the bell rang. After 30 years now, I realise that we have been fooled. This is a very important message.

So let us begin and educate people in areas where they have minerals and oil reserves 10 to 20 years ahead before development of these resources. Otherwise, we are actually making the people become nobodies. Many times the people of Western Province ask for contracts with the Ok Tedi Mine but the company will always tell them that they have no capacities and knowledge to get the contracts. But the fault was not theirs, it was the fault of the government and the investors who failed to rehabilitate and educate them first but instead lured them with lots of money. Mineral resources and oil are not extracted from cities like Port Moresby where people are educated. The landowners are illiterate, so in the future, we must make sure we educate our landowners before we bring projects to those areas.

In 2001, I led a group and tried to close down the Ok Tedi Mine. The Prime Minister has heard our cries and honoured that commitment. Thank you very much and the people of Western Province salute him for giving us an opportunity to see the ownership of Ok Tedi Mine come back to Papua New Guinea and Western Province. Production sharing is the way forward for this country because it gives us the bargaining power to decide where to sell our gold, when to sell it and how much to sell it for and who to sell it to. If you do not include production sharing, you are implying that, okay you can get everything out including gold, copper, silver, zinc, iron, uranium, titanium and plutonium. They just obtain license to mine copper and instead of mining only copper, they ship all these minerals to their smelters.

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They obtain license for copper and through this, they ship other minerals extracted with copper such as silver, gold, uranium and others to their smelters and also make money on them. They only pay to us what they earn on copper and say that they only made K1 billion but what about the other minerals. So, I want us to stop issuing license for a particular resource like copper and instead issue a mineral license which can include all the minerals.

A couple of months ago, I visited the Zambia Mine, a second largest mine which began operations in 1934. Their Minister for Mines told me that they issued copper license but the company also extracted other minerals and paid them money on copper only. So now, their country is thinking of making legislation to change the license to mineral license. We should

take this case in point into account and do likewise because we might loose on the other mineral resources.

So production sharing is very important. If we negotiate for 50-50 percent, the investor can take 5 gold bullion and we can retain the other half in the country so that we can use it during rainy season or share it equally in the country. That is the way we should operate so with new laws, I have a strong belief that production sharing should exist. This was idea was in my proposed bill that I brought to Parliament. Many people thought it was not a good bill but now we can see its importance. I did this through my observation and proposed it and it is a good notion.

We can build reserve for gold bullions but we not forget other minerals like copper, silver et cetera because they will take them away, process them and sell them back to us. So let us block them and process our minerals onshore.

Mr Speaker, I have a strong belief that we must do resource audit as well as environmental outage so that we can see the extent of our resources available in the country. In the past, my ancestors used climbed Mt Fubilon and found gold nuggets were everywhere like mushrooms. They bring them down from the mountain to use them to make light fire. When foreigners came in 1968, they started collecting them and we were thing that they were worthless. From 1968 to late 1970s, they ship them in 44 gallon drums to Australia saying that they were only samples for testing. We never received any results and all the yellow gold nuggets were depleted.

When the Ok Tedi Mine started, we were often told that the mine will close about five or 10 years time but yesterday, I read in the papers that the mine will close beyond 2022. So I told them that they are tricking us. So we must make audits and everybody in this country must know how much reserve minerals we still have. Otherwise, investors will trick us and extract all our minerals and ship them overseas.

Mr Speaker, in our five National Goals and Directive Principles, Goal No. 4 states that we must protect our resources and environment and Goal No. 5 talks about PNG ways. I have been to many parts of the world and talked about the Mining Amendment. I said that we would change law in PNG ways or Melanesian ways. In Papua New Guinea, I see many consultants advising us and I do not know whether this policy will be effective or we will go off track.

We have plenty of educated people in this country so why don't we engage them to also advise us and give us their view so that we will know which path to take and our children follow us to the promise land.

We have to set our own destination and let our children follow this journey to wherever it takes them. We should not rely on expertise alone but we have to have the will to decide what is best for this nation. Unfortunately, in places where there is mining activity, we have experienced problems where people have died by the gun as in Bougainville and from toxic waste in the Western Province.

Let us plan well to ensure proper environmental mitigation is done properly. If we make a mistake, we are killing the people. We are an independent country so let us not have and feel inferior, as in the words of the late Peter Donigi, he said, 'you fear nobody but each other'.

We should not fear and stop investors when we feel that their actions will not be good to our environment and the people. We won't die if we say no but we will die if we agree without checking first. We must stand firm on our decisions and move on. We must screen all investors because a lot of them do not have the capital.

They come in see what we have and go back to find the market or if there is none they borrow to come back and develop what is ours and we are left with little while they take away a big chunk of the money to their country. And they do whatever and become millionaires overnight. The landowners are made to form ILGs and other groups with promises of huge payouts but that never eventuates so let us work together and let our people celebrate what is rightfully ours.

We have to liberate our people economically so that they move forward to the land of milk and honey.

Mr PETER O'NEILL (Ialibu-Pangia - Prime Minister) – I thank the Minister for Mining on his wonderful presentation. It is a statement that is in line with what the Government is trying to do to alleviate some of the problems faced by this industry. The Minister for Mining is leading a review team those issues and I am certain that this parliament will also appreciate the hard work that the Minister is putting in making sure to consult all stakeholders, especially the landowners and provinces and districts that host these projects.

Mr Speaker, I think in over 40 years we've seen a lot happening in this industry. In terms of the management of our country and our economy, Mr Speaker, you will see that was are littered with a lot of mistakes that we have made.

Some of the decisions we have made in this country were forced onto us, and we should not blame any particular leader or any Prime Minister but the circumstances have always forced us to take decisions that are really not in our people's interests.

So when you look at issues such as issuing of new mining licences or petroleum licences, these have been at the back of some of the economic crises that we face.

So when you look back at the history of our country you will find that we are forced into the circumstances all the time and people say that we don't have a choice. But we do have a choice and it is that we should manage our own affairs better for our people and our country.

I think the time has come and some of the hard decisions that this Government is making are not easy decisions but they are ones that our people expect us to make and they want us to make.

Mr Speaker, when you look at the history of the development of this industry you will find that our people have not really benefited that much. When you compare the amount of revenue that the State collects and the amount of revenue that goes to our landowners or even to our business men and women who are doing business with these projects in mining sites in the country you will find that there are not many very well off Papua New Guineans out there who can claim that I became a subcontractor at that mine site so now I have these wealth to prove that I have received some benefit. Much of these wealth, in terms of subcontracts are going out.

So, Mr Speaker, when we are negotiating for these projects we have to be very mindful of what sort of benefits are people and our country will get. I am always worried that sometimes when we are making those deals we always send people who are not competent to negotiate. So when they are negotiating, they negotiate the worse deal possible, they are not trying to negotiate the best deal.

So, Mr Speaker, if you study some of the monopolies and agreements in cement or Oil companies were we seem to be giving them monopoly status and other protection measure to these industries at the detriment of our people.

Our people are paying the highest prices in oil and gas, fuel, telecommunications, electricity and other items in the world. And when we look at our income levels we are not able to match that. That is why our people are struggling out there.

So when we took over in issues like Ok Tedi we knew that we had to address a couple of issue. One, the real benefits that had to flow onto the people of Western Province and of course to our country and the second issue is the environmental issue.

When we took over we made a commitment that we would address that issue as one of the number one priorities. We have made a commitment to we will do a tailings dam. And as I speak today our engineers are studying with the experts to try and build a tailings dam, whether we like it or not.

We can't destroy our own environment where our future generation will live so we have an obligation to make sure that we protect our environment and make sure that the future generation of Papua New Guineans also enjoy the pristine environment that we are growing up in, in many parts of the country where many of us are fortunate enough to be born in are unpolluted and pristine and we continue to enjoy the fresh air and all the other things that many other parts of the world do not enjoy.

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The second issue is about the concerns raised by the Minister for Community Development that's about national content, every project agreement we have signed we have again signed issues about national content in those agreement and yet to date our implementation of making sure Papua New Guineans benefit from that that national content policy or agreements that we signed with the developer is almost zero. Many times we just accept the excuses of not having the capacity and intelligence therefore we award contracts to foreigners and our own Departments, worker and public service machinery let us down by not enforcing this particular issues that we have agreed to so many times we miss out because our national content policy is not strong. We have now put on notice many developers out there, including the next LNG project is coming up and first priority is on domestic market obligations. We will not export gas or oil from this project until we resolve our own issues in the country. Even if that is not developed and it sits there for the next 100 years, so be it and that was made known to the developers when they announced their arrangements recently and we will continue to stand by that.

The second issue is local participation; the locals don't have shares in many of this big mining projects taking place in the country, we let the developers take all the shares and we become like foreigners in our own country. It's as if we won't have heirs to benefit from these projects in the future. The agreements that we have signed have not benefitted our people, therefore this government intends to ensure that there is full participation from the locals in any new project that comes in. We not reduce our shares and the concerns over ownership of resources are long overdue. I am always guided by the story of Norway a country in north Europe, they only have one oil and gas project there and they have operated over the last 20 years. That particular country has managed to secure a deal where 80 per cent of the entire revenue going back to the State so the ownership is retained by that country and the operator of that particular oil and gas developer in the northern sea is one of the eight major oil companies in the world of which we are aware of and we are trying to do business with. These kinds of deals are done all over the world where majority of the resource is retained for the benefit of our own country. Norway with a population of three million people is one of the richest countries in the world. They have a sovereign wealth fund close to trillion dollars and they donate a lot of money around the world on environmental issues. That's an example of a country with few resources but it's able to manage it well and we have an abundance of resource and yet we can't manage it well.

Mr Speaker, the future is there for us to take control of and as government you can be rest assured that we will do everything possible to make sure that we retain maximum benefit to our people and out country. We understand that we will require capital to invest in this project and skills but that does not necessarily mean that we forgo all our rights and sell our heritage to these people.

Mr Speaker, I am very thankful that we have a very energetic government that is willing to put all these policies together that is going to set the foundations for the future economic security of our country. Mr Speaker, the licenses that we have been giving out both in mining and petroleum and some of these companies don't have the money to develop these resources they get these licences and sell it to other firms who then resell the licence until it ends up with a major mining company. These kind of speculative and carpet beggar investment people we do not need in this country. We need serious investors, who want to partner the government and its people in making sure that we develop our industries to the benefit

We need serious investors who want to partner with the government and the people in making sure that we develop our industries to the benefit of our people. Our government is now taking proactive measures in that area as stated by the Attorney General.

The issue of Kumul mining and petroleum assets, I can say that sometimes we are at fault for parking away interests belonging to the State in some bank accounts that we cannot remember the account numbers. As a result we are not maximising the value of these holdings so that we can make the balance sheet stronger, and when we talk to the financiers we can impact the decisions that we are trying to make.

Mr Speaker, the value of mining shareholdings has reached over US\$20 million already yet we think we do not have such assets in the country. As I mentioned earlier this is because we have parked this money in Treasury Bill, invested in off-shore companies, or in overseas banks thus, forgetting the account numbers.

Mr Speaker, we want a structure in place that is established by the *Constitution* so that we can manage the resource development of our country and report back to this Parliament. This means that every year a annual report of this organization must be presented back to Parliament so that people are aware of how their resources are been developed.

Those two Bills that are coming onto the Floor have been developed by the Attorney General's Office and are important for the future security of our resources, ownership and benefits. So we need to support them.

Mr Speaker, in term of the Sovereign World Fund, again we do not want to park this funds overseas where nobody knows whose account it is under. We must bank it here so that every Papua New Guinean knows about it. These monies should be parked here at the Bank of Papua New Guinea where we are capable of holding US account and foreign currency accounts in our country. Therefore, we do not need to park these monies anywhere in the world.

Mr Speaker, our economy is strong. Our financial systems are strong enough that can allow us to take courage and ownership of many of these issues. I can tell you that there are arguments about inflationary measures we are in receipt of foreign currency.

It is about how much money we draw into the economy to make sure that we are using it to run the economy that makes changes to the inflationary issues in the country. We know that what we have in the bank is in the form of foreign currency account so we do not have to convert that into kina.

We have enough experienced and qualified people now so we can manage those types of accounts. Our people want to have visibility so those two Bills will be tabled on the Floor of Parliament. I commend that Minister for the great work that he has done and I know that this is just a beginning but I assure him that he has the Cabinet's full support. We will return to this Parliament with the amendments so that our people can benefit from the resources they own.

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

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

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 4.45 p.m..

