

FIFTH DAY

Tuesday 13 May 2014

DRAFT HANSARD

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PARLIAMENTARY DEBATES

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Sarufa M. Haro

Principal Parliamentary Reporter

FIFTH DAY

Tuesday 13 May 2014

The Speaker (**Mr Theo Zurenuoc**) took the Chair at 10:00a.m; and invited the member for North Fly and Minister for Culture and Tourism, **Honorable Boka Kondra** to say Prayers;

‘Papa God, mipela kam long yu nao long tok tenk yu long planti samting yu bin mekim na nau, yu wok long mekim. Papa God long dispel taim long makim maus long ol lidas bilong dispel kantri, mi tok tenk yu na mi exhaltim yu na adorim yu long gutpela blessing, wisdom na understanding yu givim long pipol bilong dispela kantri. Papa God, tenk yu long dispela wonderful kantri yu bin mekim bilong mipela. Yu wok long bringim mipela blessing bilong bipo, nau na tumora tu. Long tude mi komitim dispel miting bilong ol lidas long han bilong yu. Bind us in your spirit, givim mipela guidance na protection. Putim wisdom insait long tingting na toktok bilong mipela. Mipela tingim pipol bilong mipela long, wanwan province na district, ol sik man meri, husait istap long haus sik. Mi pre long ol lain ikisim bagarap long hangare, stap wantaim ol na givim ol strong na gutpela tingting. Mipela tingim olgeta pikinini bilong mipela bikos future ems stap long han bilong ol. Givim ol save na bringim dispela miting ikam bifo long throne of Grace bilong yu, Amen’.

QUESTIONS

Mr SAM BASIL – Thank you, Mr Speaker. Last week I raised a question to the Minister for Treasury regarding the value of the Kina and my questions relate to the Minister’s response.

Last week the Minister said that the LNG exports will likely see the rise of the kina. When I was in my electorate over the weekend, my people raised their concerns regarding the rise in cost of fuel and they want to know when this recovery of the kina is likely to happen.

My questions are as follows;

- (1) In which month are we likely to see the first export?
- (2) In monetary terms how much are we likely to receive for the first shipment?
- (3) How much of this money will be paid towards the UBS loan and for how long?
- (4) Can the Minister explain how the remainder of the export payments be used?

02/05

(5) Can the Minister explain how will that money mitigate the strength of the *Kina*?

Mr PATRICK PRUAITCH – Mr Speaker, I thank the Member for Bululo for his question that is in follow-up to a question raised by the Member for Chuave in relation to the strength of our *Kina*.

My Speaker in regards to his first question on when the first export of gas will begin, tomorrow there will be a ceremony to indicate the first export of gas. The first export is scheduled to begin tomorrow.

Mr Speaker, in terms of how much money that will be serviced by the UBS Loan, I don't want to elude answering this question but because that issue is before the Ombudsman Commission I would rather say that we deal with this matter at a later date when the investigation of the Ombudsman Commission is finalized.

Mr Speaker, in terms of how much money that will be available, at this stage once the structure is in place and the project starts to generate money, we will use that money to make sure that project components are equally benefiting out of it. At this stage, I cannot disclose an exact figure but I can say that there will be revenue coming in but initially it will be parked at a trust account awaiting Government and landowners' instruments to be set up. Once that structure in place funds will be remitted according to those entities.

Mr NIXON MANGAPE – Mr Speaker, I thank you for recognizing the people of Lagaip-Porgera.

Mr Speaker, I direct my questions to the Minister for Internal Security and this is the third time I am asking this question.

Since 2008, there has been police operations in Porgera Gold Mine and just recently Cabinet has approved another a call-out. I also take this opportunity to thank the Prime Minister for the call-out.

Why is the Police Department using hired vehicles for over 7 years now? Why can't they buy police vehicles?

Mr ROBERT ATIYABA – Mr Speaker, I thank the Member for Lagaip- Porgera.

Mr Speaker, as we are all aware there is a call-out exercise approved by the Government to stop villagers taking advantage of the opens pit mining and practicing illegal mining up there.

At this stage, we are currently experiencing vehicle shortage and I am aware that under the modernization program there will be some vehicles deployed to that area.

Mr Speaker, I will consult with the Police Department and get back to the Member in an appropriate time.

03/05

Mr Speaker, I will get back to the Member after consulting my department so that I may be able to answer his question satisfactorily.

Thank you.

Mr DANIEL MONA – Thank you, Mr Speaker, for giving me this opportunity. My questions are directed to the Minister for Police.

In remote districts like Goilala, there are no regular policemen, firearms although we are close to Port Moresby and yet it seems that we are far apart. We only have the local auxiliary police and community police that do not have any firearms.

(1) When killings occur does the Royal Papua New Guinea Constabulary, which this Parliament gives millions of kina has any plans in place to respond immediately?

(2) What has happened to the eye-in-the-sky that was used to respond to killings?

In a period of two months my district has experienced ten killings so far. For all those killings that took place I had to put up K300 000 for every response. It costs K200 000 for a helicopter and the policemen will not get on the helicopter until they get K3000 each for their allowances. Recently, another killing took place and it was published in the *National* yesterday and that too cost me K300 000.

(3) Where is all the money for the Police Force?

The primary role of our Police Force in this country is to protect the lives of the people of this nation. We keep spending money because the provincial police commander is ending quotations and invoices so many times.

I am not the Police Minister or Police Commissioner. The police force should have budgeted for operations and not come to me to use my DSIP funds intended to bring basic services to my people.

(4) Where are the policemen who are supposed to come and serve in my district?

(5) We now have had the police modernisation program, so, where are the new recruits?

We see all these new recruits running around in Port Moresby.

(6) When are we going to send them out to the districts?

We should also send the Australian Police to the districts because I need them in my district if our own policemen do not want to do their jobs.

(7) Therefore, do we have money for operations?

At the moment, I have got 14 deaths so far and my people are blaming me but I am not a policeman. I cannot go around arresting people because this is the role of the police.

We allocate millions of kina in this Parliament for the Police Force and yet their response to crimes like killings is very poor or next to nothing. The security of this nation is at stake for any Papua New Guinean can die in any electorate and no police personnel will respond. That is the issue that I would like to bring to the Floor of Parliament. I want the Police to get on its toes and respond to crimes committed, especially killings and not just sit around giving us invoices. So far I have spent around K500 000 and yet I have seen no support from the Police Department.

Thank you, Mr Speaker.

Mr ROBERT ATIYABA – I thank the Member for Goilala for his questions.

I am sure that the Police Ministry is one ministry where it gets bombarded every now and then, and I expect to hear about more issues.

Nevertheless, I would like to inform the Parliament that the Police Department has a shortage of manpower. Currently, the number of police personnel is about 5000 and over the last 20 years successive governments have not prioritised our Police Force.

Many of us Members here will agree with me when I say that, in our districts and provinces the facilities for our police personnel are in a deteriorated state. With that, there is a lot of frustration within the Police Force. Therefore, I would like to thank the government for its intervention through the modernisation program where funding will be given to the Police Force over a 5-year period. A total of K275 million has been allocated for this program which, has started last year and will go on until 2017.

Even though K275 million is a lot of money, it is still not enough to cater for all the needs of the Police Force. I would also like to emphasise that the Police Force is short of manpower and our country's population is ever increasing towards 8 million while the number of policemen/women still remains the same.

04/05

The Police Force has limited manpower and our population has increased to 8 million and the number of police personnel has not increased to cater for that. We also have this problem of ageing Policemen and also the police facilities are in a rundown state, including run down vehicles and even the helicopter, Eye in the Sky is too expensive to operate. Therefore the department is trying to solve those problems through the modernisation programme and I know we will achieve that.

The training has been ongoing. Last year 500 officers were recruited and this year will also see another 500 recruited. By 2017 we should have 6000 policemen and women. We should be able to achieve the target ratio of one police officer to 400 people which is the United Nations standard requirement. In Papua New Guinea we currently have a ratio of one officer to 1500 people. I ask the Parliament to appreciate the developments in the Police Force and I pray that over the next couple of years the Government will continue to make interventions to assist the Police Force in terms of recruitment of manpower and maintenance and establishment of new facilities in order to secure the lives of our people and reduce the ratio of the number of people per police officer. Thank you Mr Speaker.

Supplementary Question

Mr JOE SUNGI – The houses for Police men in my district have undergone maintenance and I wrote a letter to the Provincial Police Commander requesting manpower because I did not have any manpower in my district. I think these are the similar problems faced by many other Members of Parliament. We don't have Policemen present in the remote districts of the country. The Department must have a plan such that for every district there should be 20 Policemen. I think they receive the fifth largest allocation from the annual Budget and I don't know how much of that trickles down to the districts but for this case the DSIP funding is enough to maintain and build houses for the Policemen. Can the Minister tell this Parliament whether there is a plan to allocate certain number of manpower for each district in this country?

Mr ROBERT ATIYABA – Thank you Mr Speaker for the question raised by the Member for Nuku.

We do have a plan under the modernisation programme to meet that need but as it is I must truthfully state that we are short of manpower and those we have are ageing policemen but allow us to train more officers.

Mr John Simon - Point of Order! The question was in relation to the operation money because the Police department is always asking members to pay for the operational cost and the Minister for Police has not answered that question. Thank you.

Mr SPEAKER – Your Point of Order is in order.

Mr ROBERT ATIYABA – Thank you Mr Speaker. In reference to the question raised by the Member for Nuku, there is definitely a programme in place I have prepared a submission to bring to Cabinet very soon and I will also make a statement on the Floor of Parliament regarding all these different issues not only manpower but the general facilities, housing and other needs. There are operational funds available to cater for deployment of police officers when major incidents occur in the country. As for the districts, I ask that each honourable member can budget and make monies available under the DSIP law and order funds to look after the officers in our districts. I again ask that the Members accept that the Police Force is short of manpower. The training facilities at Bomana can cater for only 250 trainees every six months and by the end of last year, we had 500 and by the end of this year we'll rollout another 500 but even then we will still run short of putting police personnel into all the police stations in our country.

05/05

Mr MARK MAIPAKAI – Thank you, Mr Speaker for giving the Kikori people the opportunity to raise their concerns in this House.

My questions are directed to the Prime Minister and I have five questions to ask him and they are as follows;

(1) Prior to us acquiring the shares in InterOil you made a public statement to the people of Gulf and Papua New Guinea that Gulf Province will have a standalone gas plant following the Elk and Antelope finds. Now that Oil Search has bought shares in InterOil the likelihood of Oil Search pushing for a third plant to back up the PNG LNG Gas Plant in Lealea is very evident. Can you tell the people of Gulf Province and Papua New Guinea whether Gulf Province will have its stand alone gas plant or not, if not, why not?

(2) Can the Prime Minister tell the people of Gulf Province and Papua New Guinea when exactly will the InterOil Project come to FEED stage because we have seen so many advertisements on exploration only? This project has been on the agenda but lately from what we gather is that the Talisman Project has advanced and it is only fair for the nation to know how soon this project will come to FEED Stage so that there is some certainty when planning the economics of this country.

(3) You allocated K10 million for a road upgrade in Kerema and the commitment you made was to seal the road. Apparently the company that was awarded the contract has now packed up and left without sealing the road. The Gulf people want to know whether this road will ever be sealed or not?

Mr Francis Potape – Point of Order! The Member is asking a different question as one question and I think this is not appropriate because under the *Standing Orders* he should maintain only one line of questioning.

Mr SPEAKER – Go ahead, ask your questions.

Mr MARK MAIPAKAI – In your last trip to Kikori you made a commitment of K1 million to Kikori High School, and another K1 million to the Kikori Hospital. To date those two government agencies have not received the monies.

(4) How soon will your office release the money to the Kikori Hospital and the Kikori High School?

(5) You also undertook when you landed at Bohobo where the proposed international wharf site is to fund their primary school, and to date nothing has happened. Can you tell my people as to how soon the school programme can kick off with funding from your office?

Mr Kerenga Kua – Point of Order! Mr Speaker my point of order is in regard to question number one. The point of order is that the Prime Minister does not have the authority to commit to where a gas plant will be built. That is a matter that is determined by the commerce and the economics of the project and the Independent State of Papua New Guinea is only a partner into that enterprise. And the final decision will be made by the joint venture partners based on the economics of it. It is unfair to ask the Prime Minister to answer questions to which, he has no authority.

Mr SPEAKER – The question was directed to the Prime Minister, allow him to have an answer to that question. Whether he can answer it or not, allow him to make a reply.

06/05

Mr SPEAKER - Please, allow the Prime Minister to answer the questions.

Mr PETER O'NEILL – Mr Speaker, I thank the Member for Kikori for his series of questions. Firstly, in regard to the InterOil project in Gulf, I know the Member is frustrated as we are because since the Gas Agreement was signed some five or six years ago, that project has not been in full operation. It is only fair that we try and work together to make sure that we develop that major resource development in the Gulf Province.

As indicated by the Member for Kikori, Oil Search has bought InterOil Project, as the Total Energy is one of the biggest oil producers in the world. They have bought a larger portion of 40 per cent plus of the InterOil Project. Total Energy is the operator of that project and not Oil Search, which is not the operator but the shareholder. However, Total Energy has the right to operate and manage and develop that project. It's like PNG LNG with ExxonMobil as its operation and not the Oil Search.

So, Mr Speaker, the Oil Search will not make decision as to whether the LNG plant is located in the Gulf of elsewhere. But I am told by our officials and the developers, especially, Total Energy that as we speak, they are mobilising themselves to appoint their vice-president to be located here in PNG like the ExxonMobil did with their project, so, they are ramping the capacity to try and get this project operational.

Mr Speaker, in regard to when the project will go into final investment decision, it will depend very much on Total Energy as the operator of that project. The State will then make a decision whether they will enter into this investment agreement.

On his second question concerning the commencement of the project, I wish to advise this Parliament and the people of Kikori and Gulf that the Total Energy has commenced drilling in the certified reserves in that particular development license where InterOil has found gas. They are now at the advance stage of drilling to certify the reserve levels whether, it is 5TCF or 7TCF or 9TCF.

Mr Speaker, the InterOil has made big announcement that it has a world class reserves sitting over 10TCG or so TCF which, needs to be verified.

Mr Mark Maipakai – Point of Order! Will there be gas plant in Gulf or not?

Mr SPEAKER – Member for Kikori, resume your seat.

Mr PETER O'NEILL – Thank you, Mr Speaker, I wish to inform this Parliament and the honourable Members that it is not the decision that this Government can make. It will depend very much on final investment decision after the operator makes assessment and advises the stakeholders. It is the decision that the Total will make and it will be put forward to all the shareholders, which will include the State, InterOil and Oil Search.

Mr Speaker, as for the Government, we will encourage them to participate in the LNG plant in the Gulf because it will open up flow of gas and oil of our country. However, I cannot make a commitment to say that it will be there because, it is not my decision. I hope the Member for Kikori understands that matter.

As to when it will start, it will depend very much on the completion of the drilling program that is now happening and Total is now trying to find the real confirmation of the total number of reserves in that gas field because that will determine how many oil and gas pipelines will be built. So, it is important that they know the actual reserves that are on hand.

Mr Speaker, third question on Kerema town sealing, the contractor has already started the work but, there are some disagreements with works and the contractor has stopped work. The Works Department is negotiating to resolve those issues and K10 million has been allocated and I understand that they will continue the work but it is up to the Department of Works and the Contractor to come to a resolution. We will encourage them to resolve the differences.

07/05

On the issue of our commitment to Kikori High School and Kikori Hospital, Mr Speaker, I will be in Kikori on the 24th of this month and I will personally hand over the cheques to the High School and the Hospital. I hope the Honourable Member will join me there.

For the first time Mr Speaker, through the oil project we are opening up banking services in Kikori. For the first also they will have a power supply in the township. So we are doing as much as we can.

Mr Speaker, I want to ask the Member whether he will be able to join us in this important occasion.

In regards to the Community School in Wabo, I have made a commitment of K1.5 million. It was handed over to a contractor, but the contractor has not started work and I have

now referred that matter to the police to arrest the Contractor and ask him why he is not starting that work in Wabo.

Mr Speaker, as you all know sometimes the contractors behave strangely but we will get to the bottom of it. I want to assure the honourable Member that our community in Wabo will get that school with or without contractor and we will make sure that we fulfill our commitment.

Mr ANTON YAGAMA – Thank you Mr Speaker for recognizing the people of Usino-Bundi. I direct my question to the Minister for Public Enterprises and State Investment, Honourable Ben Micah. I ask the Minister for Petroleum and Energy to take note.

Mr Speaker, Madang town has experienced one of the worse power blackouts for a couple of weeks now, when the whole town went without electricity for three consecutive full days, forcing small business operators to go out of business and ordinary people to throw away their frozen goods.

Mr Speaker, this will become worse if the capacity at Ramu Hydro deteriorates on the onset of the El Nino dry spell. My questions are:

(1) Has the Minister have any plans for Madang township? He saved the cities of Lae and Port Moresby with new generators?

(2) Can the Minister replace the fairly old electricity generators currently in Madang? When can he do it because the generators have no spare-parts and have been “cannibalized” to maintain others?

(3) Can he work with his colleague Minister Nixon Duban to get the Thermal Energy Legislation brought before Parliament?

(4) Can he facilitate for the development of the Karkar thermal energy program to provide electricity for the two mining projects in my electorate including the various factories, the marine park, colleges, universities and the general public in Madang.

Mr BEN MICAH – I thank the Member for his important questions. As a result of flooding, on the several of the rivers along the Ramu valley, about five pylons supplying power from Yonki to Madang were affected.

As a result we are experience power supply problems in Madang. At the moment Madang is on load-shedding and using standby generator. But I want to assure the Member

for Usino-Bundi and also the people of Madang including those people along the Lae – Madang highway that we should fully restore power supply in the next few days.

08/05

At the moment PNG Power workers are stationed and based out of the highway, working around the clock to restore power to Madang and nearby areas along the Lae-Madang highway.

In regards to your questions on the plans to save Lae and Port Moresby, I would like to say here that some weeks ago I instructed IPBC and PNG Power to put Independent Power Providers for selected towns including Madang because if we rely on PNG power, we will continue to wait.

IPP will be travelling to Rabaul, Kimbe, Lae, Madang and Wewak this week to put up independent power. For Madang alone, we are looking at contracting out 200 megawatts of power. The tender is open to private companies to bid. If there is a private company that wishes to set up a geothermal plant on Karkar, it's up to them and the same goes for those who wish to provide hydro power.

As a short term measure we are now going into these contracts of immediate priorities to alleviate these shortages. for private companies to come in. In relation to legislation, I think it is for the Minister and the Member to work together and bring it to Parliament. It is a very important legislation because geothermal power is one of the important renewable energy sources next to hydro, solar and wind power that our country is in abundance of.

And we are seriously looking at it as the alternative source for long term power generation in provinces like Madang, East and West New Britain, New Ireland and Oro province.

Mr JOSEPH LELANG –My questions are directed to the Minister for Defence.

We all know that Defence is a core function of Government and sometimes strategic decisions are taken to place our military base at different locations around the country.

Mr Speaker, recently decisions were made to locate an engineering battalion based at Amiu Ward one, Gasmata L.L.G in my electorate.

Last Monday, I met with all four major villages of Ward One and one of the concerns they raised with me relates to the current proposed site of the engineering battalion.

The communities in Amiu feel that the present location is inappropriate and may become the cause of destabilising their societies and the cause of future social problems.

My series of questions are as follows;

(1) Are you aware of the decisions to establish the Engineering Battalion base at Amiu, Gasmata LLG?

(2) Are you also aware that the proposed site is located right in the heart of the village community and schools. It is about 130km from Ramkaini village and 30 km from Aluvo village and 1km from cuscus village?

(3) Minister, would you not agree that military installations and bases should be built some distances away from the civilian population, to safeguard security of military operations, installations and avoid interferences in traditional village life and social orders in these villages.

09/05

(4) The people of Amiu, Gasmata LLG Ward 1 are very concerned and want the Government to revisit their decision with the hope to relocate the base from their communities. I also support them in their concerns and also want the base to be moved out from its current proposed location.

(5) Will the Minister send his department technical staff to discuss with Amiu local chiefs on an alternate proposed site? The Chiefs themselves have reassured me that they are willing to identify an appropriate location within the same area but far away from their communities for the Government to establish their Engineering Battalion base there.

(6) Can the Minister assure my people as the mandated leader of my district with my district administration to be included in this consultation discussions than at present?

Dr FABIAN POK – Mr Speaker, I thank the Member for Kandrian – Gloucester for his good questions.

Mr Speaker since 1999, there has never been a Defence Force White Paper which is basically a plan or proposal to enable how the Defence Force can move forward.

Mr Speaker, up until Cabinet appointed me as Minister we decided to look seriously at the White Paper and see how we could develop the Defence Force.

Mr Speaker, part of the plan is to set up four Engineering Battalion units in the four Regions of the country, because there is a need for the Engineering Battalion of the Defence Force to assist in the development of our country's infrastructures.

So in the New Guinea Islands Region we want to set up the base in the West New Britain Province and also in the Momase region, the Southern Region in Port Moresby and the Highlands Region is already established in the Jiwaka Province.

Mr Speaker, the Government has approved the White Paper and we will be allocating some funds to do the feasibility studies in the West New Britain Province.

Mr Speaker, if the people and the Open Member do not agree with the proposed location, I can direct the technical officers of Department to sit down with the people and the Open Member and the base can be moved to another alternate location approved by the leaders and their people.

Mr Speaker, I am grateful to the Member for shedding his grievance before actual process begins on the construction of the base. That has broaden the Departments plans and saved the Government from unresolved land issues for the Battalion Base.

Mr Speaker, I am not quite familiar with the proposed location site but I assure the Member that if the people have another alternate site for the Battalion Base, we can have a proper dialogue regarding this issue. The Department is committed to building an Engineering Battalion Base in the District and the Province.

Mr Speaker, the Defence Force is taking this initiative and is concerned with the development of infrastructure in this country.

Recently, the Defence Force Engineering Battalion was involved in the Highlands Highway in partnership with the Works Department the landslip that covered the Chimbu section of the Highway was cleared in ample time. Thank you.

10/05

Mr LABI AMAIU – Thank you, Mr Speaker, for recognising the people of Moresby North-East at last.

Mr Speaker, my question is directed to the Minister for Communication but before I ask my question I would like to say a few things. I would also like all the Members of Parliament to take note, especially, those who are parents.

Mr SPEAKER – This is question time, so Member you have to make your talk short.

Mr LABI AMAIU – Mr Speaker, so far we have seen many network companies come into our country.

First of all, we have our own state owned telecommunication company. We also have Digicel where they have provided many good services for our people around the country. With that, many parents are allowing their children to use the Internet for communication purposes. One popular internet social network is the Facebook.

(1) Is there a legislation or law that can address harmful internet sites like porn sites?

Our school children at all levels of education have access to mobile phones, thus exposing them to potential harmful sites on the internet.

(2) Do we have legislations and laws to control these kinds of sites that are accessible to our children?

Thank you.

Mr JIM MIRINGTORO – I would like to thank the Member for Moresby North-East for his very important questions in relation to the problems occurring in schools and the country as a whole, especially in terms of the use of IC elements.

Mr Speaker, I would like to inform the Member and the Parliament that soon there will be a legislation under the *NICTA Act* to address this issue. Currently, we are pursuing for SIM card registration which, has been undertaken by the State Solicitor. At the same time we are looking at Cyber Crime legislation under the *NICTA Act*. I will bring this legislation to NEC for them to deliberate on it and then bring it to be passed here in Parliament.

The process to legislate Cyber Crime is under the attention of NICTA and we are working to furnish all the necessary reports until we bring it to Parliament for it to become a law.

Thank you, Mr Speaker.

11/05

SUSPENSION OF STANDING ORDERS - EXTENDED TIME FOR QUESTIONS

Motion (by **Mr John Simon**) put –

That so much of the *Standing Orders* be suspended as would prevent the time for Questions this day being extended by 20 minutes.

Motion negatived

Mr JOHN SIMON – My question is directed to the Minister for Commerce, Trade and Industry and I would like the Prime Minister to take note as well.

Mr Speaker, this Government and the previous government have been outspoken about corruption in all fronts. I recall a popular saying in Politics and I quote ‘what you say must not agree with what you do’ end of quote and I don’t agree with that.

My questions are;

(1) What happened to the K10 million allocated for the Cooperative Society?

It is a very good vehicle for Small Medium Entrepreneurs That money was used elsewhere including the construction of the Sepik Agro, the Four Mile Casino and some were used on a stock exchange company in Sydney. The Minister assured me and Parliament that investigations were ongoing and those perpetrators would soon be arrested but these people alleged to be involved are still around and so far nothing has happened to them and the issue has never surfaced. I would like the Minister to clarify on that matter.

My second question is in relation to the Women in Business. The women in Maprik and maybe in many parts of the country have contributed or made deposits to this organisation. When I was in Maprik the mothers raised concerns that despite producing their receipts they could not withdraw money from that organisation. I raised this question a year ago and I’m asking the same question again.

(2) Please clarify these issues so that the people of Papua New Guinea may know?

The people are watching us and I am concerned and so are my people.

Mr RICHARD MARU – Thank you Mr Speaker and I thank the Member for Maprik for the questions.

I have to inform Parliament that he did raise that question and I did consult the Registrar of Companies to investigate this very serious allegation. It is true because about K5 million or K10 million was transferred to Sepik Agro. Unfortunately I found out that all the records were destroyed and just yesterday, I was informed that the staff and the former registrar were not cooperating. We don’t have the basic prime resource document to trace what actually happened to that money. And there is no document or trace from the Department of National Planning and the Department of Trade Commerce and Industry and even the Cooperatives Society. It is difficult to prosecute people without these source documents and that is the problem we are facing in the Department.

For the question regarding Women in Business, I directed the Central Bank to investigate the matter because it was their responsibility. No financial institution must go

around collecting deposits from anyone off the streets. We are all familiar with the lady leading this organisation; she also owns a micro finance scheme which, has branches in Yangoru Saussia and throughout the country. They have been collecting deposits from mothers. I was informed last week that the Central Bank has issued them a licence to become a legal financial institution and I am extremely surprised that this has happened.

12/05

So I want to tell this Parliament and inform the Minister for Treasury that I will be writing to him expressing my concern that a micro-finance institution which claimed to be a licensed micro-finance institution and collected money that it cannot reimburse to its depositors. How in the world could the Central Bank give such an organization to legally allow them to collect deposits when they cannot even account for deposits they illegally mobilized in the past?

I will write to the Treasurer copying the Central Bank that I do not see how they could have qualified to obtain a banking license from the Central Bank. This is my very serious concern.

**PROVINCIAL GOVERNMENTS ANNUAL PERFORMANCE
REPORTS 2010 – PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr LEO DION (East New Britain – Minister for Inter-Government Relations) – I present the Annual Reports of Certain Provincial Governments pursuant to statute.

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

Leave granted.

Mr Speaker recently I tabled the annual performance reports for 17 provincial governments for 2008 and the 18 provincial governments for 2009 in Parliament. This was the third time Section 119 reports were presented in this Parliament.

This was also the first time Section 119 reports for the two consecutive years were tabled also in this Floor of Parliament. And at this time I affirm my commitment to maintain

and improve this all important accountability framework. I also maintained that this trend will continue for the subsequent years.

Mr Speaker, today I am pleased to deliver again on my department's commitment. It is my pleasure to present to this Floor of Parliament the Annual Performance Reports of 17 Provincial Governments for 2010 in accordance with Section 119 of the *Organic Law on Provincial Governments and Local Level Governments*. This will be the fifth time such reports are tabled in this Parliament. NCD and ABG are again not covered by Section 119.

I am also pleased to present, for the fifth time a summary report prepared by the department of Provincial Affairs and Local Level Government based on the information contained in the 17 reports and this is again done to assist the honourable Members of this House to better understand the comparative performance trends of the 17 provincial governments for 2010 against the previous years.

Section 119 of the Organic Law on Provincial Governments and Local Level Governments in a sense required that each provincial government submit by the 20th of June of each year to the Minister responsible for Provincial and Local Level Governments Affairs a report for the previous year on the affairs of the provincial government and the local level governments in the province.

The Minister tables a copy of this report by the 31st of December of the year in which it is furnished to him.

My department has undertaken various programmes to improve reports submitted by provinces and these programmes were delivered to provinces to assist them since 2007 and the provinces were required to report on their performances using the reporting templates provided in key sectors. And these are as follows, governance and public administration, health, education, transport and works, agriculture and law and justice.

In 2010 my department developed a performance management and reporting tool and rolled it out to the provinces and this was done to further address and improve the reports submitted by the provinces.

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Mr Speaker, in 2010, my department developed a performance management and reporting tool and rolled out to provinces. This is done to further address and improves the reports submitted by provinces. This was well received and as a result, all provinces began to submit timely and quality reports to my department.

This is also a mandatory requirement that must be adhered to by all Provincial Governments. It is also an important accountability report amend a informing this House of what services the community received from the public funds spent by Provincial Government annually.

Provincial Performance in 2010 – The Overall Performance

Mr Speaker, the overall service delivery performance results achieved in 2010 varied significantly between Provincial Governments. This is partly due to wide variations existing between them in their inherent financial capacity and operating environment including the condition of infrastructure costs associated with service delivery. It is also a reflection of how the Provincial Governments prioritised and managed its resources and affairs (Governance) relative to other provinces.

The overall service delivery outcomes in key sectors during 2010 again were still below those levels required to achieve Papua New Guinea's Millennium Development Goals (MDG) by 2015. Significant improvements in service delivery levels over the next few years are required to achieve MDGs relating to these sectors.

Government and Public Administration

Generally, the overall performance for Provincial Governments in 2010 in the areas of Government and Public Administration has gradually improved while some have declined due to various factors.

On average, there is a decline in the number of meetings held for provincial assembly JPPBPC, JDPBPC, PEC and provincial management teams relative to previous years. These bodies are key to decision makings for effective service delivery to the communities. However, there is gradual improvement in the resources management areas.

The number of public servants attending trainings has improved in 2010. The level of staff performance appraisals conducted in relation to service delivery achievements during 2010 has shown minimal improvements. On average only 35 per cent of public servants were appraised whilst 9 per cent of public servants attended any training during 2010.

The number of females employed by provincial governments during 2010 has significant variations between provinces. In terms of gender equity, 15 per cent of senior positions (Grade 13 and above) were held by females in 2010, although 35 per cent of provincial public servants, excluding teachers, were females during this period.

Health Services

The Provincial Governments are given the mandate to ensure ongoing and consistent delivery of basic health care services delivered to the people. Health facilities throughout the country had produced significant improvements in 2010. It is pleasing to note that 98 per cent of all health centres and district hospitals were fully operational in every province during 2010.

Mr Speaker, more than 60 per cent of Aid-Posts were operational in 2010. There is also an increase in the number of supervisory visits conducted to health facilities during 2010.

However, in terms of maternal and child health care, there is variation since 2009 on the immunization coverage of pregnant women and children. This is due to competing financial priorities in key deliverable programs within the sector. On average, less than 50 per cent of pregnant women and children received immunization during 2010.

Education Services

Mr Speaker, access to basic education is a major goal of the National Government under the Vision 2050 and the Millennium Development Goals. Accordingly, Provincial Governments had to make sure gender distributions in all school levels is done equitably. Although the number of female students enrolled has increased in 2010, gender distribution of females in all school levels has decreased compared with the previous years. There is still more male student population than female throughout the country.

Mr Speaker, Section 119 reports seek information on school age children in the provinces. However, many provinces do not appear to have this vital information on the number of children not accessing basic education services.

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Although most provincial governments appear to have satisfactorily undertaken some of their functions such as supervisory visits and providing school subsidies, there are wide variations of the number of children in all school levels in the provinces that are in school and those that are out of school.

Transport and Works.

Transport infrastructures plays a vital role in delivering basic services to our people. It provides access for other sectors to deliver their services to the rural population.

- This is also one of the major service delivery functions of provincial governments to maintain provincial roads, bridges, wharfs, jetties, boat landing ramps and rural airstrips to facilitate efficient movement of people and goods.

Section 119 reports indicated that although most provinces annual work plans have captured programs for routine maintenance for transport infrastructure, there is still gaps between the actual maintenance and that planned for the year. On average, only 57 percent of the planned maintenance for all road programs was implemented during 2010.

I am concerned that whilst individual provincial governments prioritise their spending on various transport infrastructures according to varying provincial circumstances, very little has been done to maintain and improve maritime and air transport infrastructures in the provinces. This area also needs a lot of attention and improvements to effectively deliver services to our people.

- *Agriculture.*

- With the majority of Papua New Guineans are rural based, agriculture plays a significant part of the social and economic welfare. It establishes a broad part of the social and economic welfare. It establishes a board based foundation for economic empowerment, poverty alleviation and supports our effort towards achieving the objective of the Medium Term Development Plan, PNGSDP and PNG Vision 2050.

Accordingly, agriculture extension services plays a vital role in empowering our people to avoid poverty and improve their living standard. However, Section 119 reports indicated that almost half of all provincial governments have not made any commitments in providing training for farmers.

Further, those that did provide trainings did not cover significant number of population. This simply reflects lack of commitment and prioritization on agriculture sector in the provinces.

- *Law and Justice, Village Court.*

To provide a safe, secure and stable environment for all citizens, visitors, communities and businesses to conduct their affairs freely, provision of law and justice services is vital to achieve economic and social development as described in the national goals. Accordingly, provincial governments are responsible for monitoring the operation of village courts.

On average, 94 per cent of proclaimed village courts were operating in 2010. This is good, given that village courts play an important role in addressing various levels of law and order issues at the rural settings in our country.

However, I am concerned that the number of officials trained has decreased significantly in 2010. Only 10 per cent of the village courts officials were trained whilst only 30 per cent of village courts were audited and or inspected by provincial governments. It is very critical that this area needs to be addressed seriously to maintain peace in the community.

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

Consequences of not tabling these reports in Parliament.

Mr Speaker, there are critical service delivery impediments as well as challenges that needs to be identified and urgently addressed through tabling of these reports.

Firstly, the delay in tabling Section 119 annual provincial performance reports for all 19 provincial governments then amounts to serious breach of the most significant legislative provision associated with the Parliamentary accountability framework.

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Secondly is that the Provincial government will not be scrutinised on the effort they are putting in delivery services and the impact of public funds they are receiving annually.

Thirdly, provincial governments will not be assessed annually on their performance while they continue to spend huge sums of money on non-priority areas. The way forward is that there has to be service delivery outcomes for all service sectors very significantly between all provinces in 2010 and this is partly due to wide variation in the inherent financial capacity and operating environment including infrastructure and processes associated with service delivery.

The Government recognises that the service delivery at districts and local level governments needs to be improved and maintained and therefore this Government is firmly committed to support delivery of services by improving public utilities and infrastructures for these services to reach our rural communities, this parliament and the people of this country are quite aware of this.

To address these issues highlighted above in item 1, 2 and 3; the important and timely submissions of Section 119 of the Provincial Governments Annual Performance Report

cannot be over emphasised and given the importance of the report as a mechanism to monitor service delivery in all our provinces in this country.

The delay in tabling and publicising the findings of this report will allow for the diversion of the public funds to non-priority areas, whilst camouflaging the focus of provincial governments to deliver much needed services to our people.

The real challenge facing all provincial governments now is how to successfully translate the increased funding of both the recurrent and the development into tangible improvement to service delivery at the community level.

Mr Speaker, we have now experienced the economic boom in our resource sector and our currency has appreciated to a level where we can now be able to address that to 2010. Some of these impediments however, the real challenge is to translate these monies and the Governments' new policy initiatives into tangible improvements of service at districts and local level governments.

It is also up to the Members of parliament in their role as the members of the provincial assembly and some as Governors and chairmen of the Joint District and Provincial Budget Priority committees to play an active and effective role in delivering improved services to our people and their communities.

Mr Speaker, as the Public Service delivery is the shared responsibilities between all levels of government as well as churches and other groups we also need to work together to maximise the outcome to our people.

Mr Speaker, in conclusion, let me summarise the key points; this is Fifth Provincial Performance Annual Report to be tabled before this House, since the introduction of the *Organic Law on Provincial and Local Level Governments*.

On most measures the overall average performance in terms of governance public administration and ultimate service delivery to the people by most provincial and local level governments has varied significantly between provinces during 2010.

However, my department has initiated a number of reformed programs which are currently in place to ultimately improve these service deliveries. And now it is critical that all stakeholders including provincial governments adopt good governance in competent ably managing their resources and affairs and work together with each other to maximise the outcome to our people.

Mr Speaker, I commend this report to this House.

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Mr SAM BASIL (Bulolo) – I move –

That the Parliament take note of the Paper.

Mr Speaker, I commend the Minister for presenting the 2010 Annual Report on the performance of the Provincial Governments in Papua New Guinea.

Mr Speaker, if we wind the clock back to 2010 the then Prime Minister Grand Chief Sir Michael Somare had in his Cabinet Honourable Mark Maipakai who is also current Member for Kikori and Mr Job Pomat, former Member for Manus who was then Minister at that time.

Mr Speaker, it is good that the Report has been tabled by the Minister. Let me urge the Minister and the Department to fast track so that when the Minister stands up in Parliament again he should be presenting the Report for 2013 so that we can hold the Provincial Government responsible.

Mr Speaker, I am speaking here on behalf of my people and I do my own patrols as far as Kira in the Sohe Electorate, Nukewa and Yopo in Kerema Electorate and almost to Tapini up in the mountains.

Mr Speaker, what I see in my district and those surrounding districts according to this 2010 Report I would say maybe that Government was performing better. But today it is different from what I have gone and seen.

Mr Speaker, I am not here to criticise the Government but I am saying that we all should work together in making sure that we hold the provincial government administration responsible and accountable by keeping them on their toes so they can perform.

Mr Speaker, most of the health centers in my district and in Kerema, Sohe and Goilala ran out of drugs six months ago. They desperately need drugs. This is alarming and we should seriously take this matter up with the Health Minister and the Department and also the provincial health authorities.

Mr Speaker, there is one aid post I went to and found that the health worker was very old and there is no replacement. I am running around trying to find out from Eastern Highlands and Brown Health Center in Finchhafen where we can train the community health workers and midwives courses. We really need to train those people. I am ready to train those people with the DSIP Funds but we don't know where to send them.

Mr Speaker, probably the Health Minister can make this available to us and we can all help the Health Department and maybe next time the Minister can give a good report on the health sector.

Mr Speaker, we are still facing problems in regards to education back in the provinces. Teachers are struggling to get out of Morobe at the end of the school year. The problem continues to escalate every year. We have recently seen the sidelining of the Provincial Education Advisor because of problems in Education in Morobe.

Mr Speaker, the recent killings happened in Tapini which is the same mountain range that extends over my electorate at Ono and Kunimaipa. Those areas are the hotspots of Papua New Guinea.

Mr Speaker, we are putting in some effort in getting police into those remote areas. The Police Minister is listening and I urge him to continue the Reserve Police Program. We need at least 10 Reservists in every rural LLG and we need one regular police officer to oversee so that he can manage the firearm control and the discipline of Reservists in those areas.

Mr Speaker, the Provincial Supply Tenders Board continue to ignore the Local Level Government that we have equipped with machines. They continue to give contracts to people who don't have machines in Lae city. They go to the second and the third party to hire machines and by the time they reach the construction site they run out of money. This has to change. We need to work together with the Provincial Governments. Once we invest our DSIP money into road infrastructure we need the Provincial Administration to work with us. If they are not sure about the districts then give it straight to the LLG manager. He has his program to run and he can purchase diesel and pay operators and pay consumable parts.

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Mr Speaker, funding from the provincial government for rural airstrips keeps on being put on people who are from the LLGs but live in Lae where they to use the money there instead. Therefore, we are still facing problems with our rural airstrips in our respective areas.

Mr Speaker, agriculture is lacking and I can admit here that Eastern Highlands is leading in the agriculture sector. We wish that every province is like Eastern Highlands and more money needs to be pumped into all the existing agricultural stations. We have one in Erap Station that has rundown and needs urgent attention by the Minister for Agriculture and Livestock and I hope some money will be pumped into it soon.

Mr Speaker, all the livestock in the shed are all inbred and all the goats all look alike.

Mr Speaker, we need to bring in new breeding stocks from overseas including cattle with the introduction of new breeds.

• Mr Speaker, we seriously need to work with the provincial governments and I commend the Minister for saying this but we are 3 to 4 years late.

Can the Minister responsible report for 2014 and present another for 2011 and 2012?

If we were to present the 2013 report, then the provincial administration will be on their toes. They will know that we have measured them from last year and we can go back and hold them accountable.

The 2010 report is a long time ago and most of the public servants have gone while some have changed positions and we cannot hold them responsible. We are reading a tale here that we cannot hold anybody responsible.

Mr Speaker, I commend you; I am not criticising you. I commend you and that we should also push forward the other two remaining years.

Mr Speaker, thank you very much.

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

**CONSTITUTIONAL AMENDMENT (PAPUA NEW GUINEA'S
OWNERSHIP OF HYDRO CARBONS AND MINERALS AND
CONSOLIDATIONS AND COMMERCIALISATION OF
PAPUA NEW GUINEA'S BUSINESSES) BILL 2014**

First Reading

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

Ordered – That in accordance with *Standing Orders* 222A and the practices of Parliament, the proposed law now stands referred to the Permanent Parliamentary Committee on Constitutional Laws and Acts and Subordinate Legislation.

**ORGANIC LAW ON PAPUA NEW GUINEA'S OWNERSHIP
OF HYDROCARBONS AND MINERALS AND CONSOLIDATION
AND COMMERCIALISATION OF PAPUA NEW GUINEA'S
BUSINESS LAW 2014**

First Reading

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

Ordered – That in accordance with *Standing Orders* 222A and the practices of Parliament, the proposed law now stands referred to the Permanent Parliamentary Committee on Constitutional Laws and *Acts* and Subordinate Legislation.

18/05

**INCOME TAX (INTERNATIONAL AGREEMENTS)
(AMMENDMENT) BILL 2014**

First Reading

Bill presented by **Mr Patrick Pruaitch** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr PTRICK PRUAITCH (Aitape-Lumi-Minister for Treasury) – I move –

That the Bill be now read a second time

Papua New Guinea entered into Double Taxation Agreements with New Zealand and Indonesia in 2010 and 2011 respectively. The Double Taxation Agreements were formally rectified in July 2013 sittings of Parliament pursuant to *Section 117*, of the *Constitution*. However the Bill was not passed at that time as it should have.

Mr Speaker, the department of Foreign Affairs has advised that formal diplomatic notes have been sent to both New Zealand and Indonesia on the January 21 20124, advising

that our ratification and domestic legal process has been completed. However the process has not been fully completed unless and until this amendment is passed.

Mr Speaker, our treaty partners have expressed their concerns about this and have a level of expectation for the Double Taxation Agreements to come into force as soon as possible.

Mr Speaker this will technically in nature and if the final process in ensuring the Double Taxation Agreements are brought in force and implemented accordingly.

Mr Speaker the Double Taxation Agreements serve a number of purposes, they facilitate international trade and investment between parties, allocate taxing jurisdictions between the contracting States and counter tax avoidance and evasion. They are therefore an essential; tool for promoting economic development among the contracting parties. The aim of Double Tax Agreement is to avoid double taxation on the taxpayers of either country in respect of the same income and to allow a tax credit to a country's tax payer when he pays taxes in the other treaty partner country. It also prevents discrimination between taxpayers operating in both countries, provides a reasonable element of legal and fiscal certainty and defers tax evasion by the exchange of information.

Mr Speaker, the Double Tax Agreements are intended to promote investment by reducing the incidents of double taxations where businesses from New Zealand or Indonesia investing in Papua New Guinea and vice versa and to prevent tax evasion by defining the rules by defining the rules around information sharing and exchange between the tax authorisation of Papua New Guinea, Indonesia and New Zealand respectively.

Mr Speaker, it is normal practice between treaty negotiations for both countries to negotiate tax rates that may be marginally lower than domestic rates for the purpose of encouraging investment but at the same time maintain the right to share the taxation of such investment in a reasonable manner.

Mr Speaker, in this regard some taxing rights of either of the countries are negotiated to maintain only those taxing rights which each country considers essential. They will form part of the National Law of Papua New Guinea when the tax is enacted into law in the *Income Tax International Agreement Act 1987*.

Mr Speaker, the Bill is therefore necessary to give legal force to the u Double Taxation Agreements entered between the independent state of Papua New Guinea and the Governments of the Republic of Indonesia and New Zealand respectively. Mrt Speaker, I commend the Bill to the House

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

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith.

Mr PATRICK PRUAITCH (Aitape-Lumi – Minister for Treasury) – I move –
That the bill be now read a third time.

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

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

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

20/05

FAILURE IN THE SOUND SYSTEM – STATEMENT BY THE SPEAKER

Mr SPEAKER – The Chair wishes to advise Parliament that we will adjourn because we have serious malfunction with the Ringing of the Bells system of the Parliament.

ADJOURNMENT

Motion (**Mr James Marape**) agreed to –
That the Parliament do now adjourn.

The Parliament adjourned at 2.30 p.m..