

## SECOND DAY

Wednesday 27 August 2014

### DRAFT HANSARD

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## **PARLIAMENTARY DEBATES CORRECTIONS TO DAILY DRAFT HANSARD**

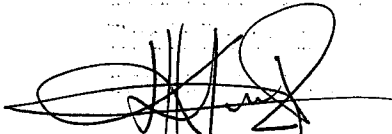
The Draft Hansard is uncorrected. It is also privileged. Members have one week from the date of this issue of Draft Hansard in which to make corrections to their speeches. Until the expiration of this one week period, Draft Hansard must not be quoted as final and accurate report of the debates of the National Parliament.

Corrections maybe marked on a photocopy of the Daily Draft Hansard and lodged at the Office of the Principal Parliamentary Reporter, A123 (next to the Security Control Room).

Corrections should be authorised by signature and contain the name, office and telephone number of the person transmitting/making the corrections.

Amendments cannot be accepted over the phone.

Corrections should relate only to inaccuracies. New matter may not be introduced.

A handwritten signature in black ink, appearing to be 'LEE SIROTE', written over a horizontal line.

**LEE SIROTE**

Acting Principal Parliamentary Reporter

## **SECOND DAY**

**Wednesday 27 August 2014**

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

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

Sitting suspended.

The Speaker, again to the Chair at 10.30 a.m., and invited the Member for Kabwum, **Honourable Bob Dadae** to say Prayers:

“Father we come this morning to give you praise, glory and honour and this nation belongs to you. Lord, you are supreme. Following our Prayer Day yesterday we come before you once again this morning acknowledging that you are the God of this nation.

Father, we thank you for the many blessings, we thank you for the privilege that you have given us the leaders to come to this Parliament.

We commit our Prime Minister, our Speaker and the Opposition Leader, Ministers, Governors and Open Members. We pray for your guidance. We ask that your Spirit empower us and lead us into making good decisions for our people. Forgive our wrongs and teach us in the good way. Father we commit this day into your hands and ask this in Jesus name. Amen”

### **DEATH OF FORMER MEMBER (MR JOHN MUINGNEPE) – STATEMENT BY THE SPEAKER**

**Mr SPEAKER** – Honourable Members, I have to inform Parliament on the death of former member, Mr John Muingnepe, on the June 23 2014. The late Muingnepe was a former member for the Bulolo Open Electorate in the Seventh National Parliament from 2002 to 2007. He was appointed Shadow Minister for Foreign Affairs, Mining, Immigration, Trade and

Industry between 2002 and 2004 and was a Member for Pensions and Retirements Benefits Committee from 2002 to 2007.

As a mark of respect to the memory of the late gentleman, I invite all Members to rise in your places.

*All Members stood in their places as a mark of respect for the late gentleman.*

## **CERTIFICATION OF ACTS AND LAWS**

**Mr SPEAKER** – I have to inform Parliament that I have in accordance with *Section 110* of the *Constitution* certified eighteen *Acts* and five *Laws* which have been made by the Parliament.

A list of the *Acts* and *Laws* are as follows;

1. *Business Name Act 2014*
2. *Conservation and Environment Protection Authority Act 2014*
3. *Crocodile Trade (Protection) Act 2014*
4. *Environment (Amendment) Act 2014*
5. *Income Tax (Amendment) Act 2014*
6. *Independence Consumer and Competition Commission (amendment) Act 2014*
7. *Internal Revenue Commission Act 2014*
8. *Juvenile Justice Act 2014.*
9. *Marine Pollution (Ballast Water Control Act 2013*
10. *Marine Pollution (Liability and Cost Recovery) Act 2013*
11. *Marine Pollution (Preparedness and Response) Act 2013*
12. *Marine Pollution (Ships and Installations) Act 2013*
13. *Public Services (Management) Act 2013*
14. *Regulatory Statutory Authority (Appointment to Certain Offices) Act 2014*
15. *Road Traffic Act 2014*
16. *Small Craft Act 2011*
17. *Treasury Bills (Amendment) Act 2013*
18. *Village Courts (Amendment) 2014.*

19. *Constitutional Amendment (No.38) (Appointment of Certain Offices) Law 2014*
20. *Constitutional Amendment (No.39) (Calling, ETC. OF Parliament) Law 2014*
21. *Constitutional Amendment (No.40) (Independent Commission Against Corruption) Law 2014*
22. *Constitutional Amendment (No.41) (Motions of No Confidence) Law 2013*
23. *Organic Law on Provincial Governments and Local Level Governments(Amendment) (No.13) Law 2014*

## INVITED GUESTS (TOKARARA PRIMARY SCHOOL) – STATEMENT BY THE SPEAKER

**Mr SPEAKER** – Honourable Members, I wish to inform Parliament of the presence of Grade 8 students from the Tokarara Primary School here in the Nations Capital along with their teachers, including the head teacher of the Tokarara Primary School with us this morning in the Public Gallery. The Tokarara Primary School is the first school to be invited under the Parliament School Visit Program to visit the National Parliament and will receive information and the work of Parliament.

This program is one of the initiatives under the Parliament's targeted Outreach Projects to citizens that traditionally have a limited role in decision making. The others include Women, Youth, NGO's, Civil Society and the Media. On behalf of the Members of Parliament I acknowledge your presence and welcome you to Parliament.

**02/02**

## QUESTIONS

**Mr GARRY JUFFA** – Mr Speaker, I direct my questions to the Minister for Health. Recently Doctors have come out opposing the proposed Port Moresby General Hospital Authority Bill.

(1) Can the Minister explain to this Parliament what that Bill is and what it intends to achieve and why the doctors are coming out against it?

Given that Papua New Guinea is part of the globalised world community and technology has allowed people to move around in communication and so forth.

(2) Do we have a plan for diseases such as *Ebola*? This has been recently raised in the media and many people are concerned about what type of responsive action Papua New Guinea will have if such a disease were to arrive in this country?

**Mr MICHAEL MALABAG** – Mr Speaker, I thank the Governor of Northern Province for his questions.

In regards to the Port Moresby General Hospital proposed Bill, it has been covered in Vision 2050 and in the National Health Plan 2010- 2020.

Specialist hospitals where the world's best practices in health care and medicine are provided and demonstrated to benefit Papua New Guineans are essential to meet the future demands on health services. This is why we need a legislative change to achieve this vision.

The National Department of Health has been working with the Office of the Prime Minister and the Board of the Port Moresby General Hospital and management to prepare a proposed Bill to be introduced in Parliament. A supporting policy document entitled National Referral and Teaching Hospital Policy has already been developed.

The proposed new law will sit alongside the *Public Hospitals Act*, the National Health Administration Act, and the Provincial Health Authority Act. It will support the development of specialist role of Papua New Guineas high level hospital.

The newly configured Port Moresby General Hospital will become the Port Moresby National Hospital Authority.

This will allow them to free up and undertake their specialist teaching and referral roles and to take their place as providers of sophisticated health care services within the system.

The proposed new law aligns the functions and powers of the National Referral and Teaching Hospital to its new role and phases and will address what is required of relevant board of management. This will happen.

Let me assure the unions within the Health Sector that this is part of Government policy that we are establishing. No one will lose out on anything. In fact, this will allow them to get better salary and better conditions of employment. It will also bring specialist physicians in to attend to our health woes.

The National Health Plan proposes an ambitious and exciting vision for the future of the National Hospital.

Mr Speaker, it would serve as the nations center of excellence in health care where the worlds best practices of health care and medicine will be provided and demonstrate and benefit Papua New Guineans.

In collaboration with public hospitals and some of the worlds leading teaching hospitals it will also serve as the national leading referral hospital for urgent and critical care needs that are beyond the capacity of any public hospital in PNG.

Mr Speaker, it will become a center for excellence in post graduate and continuing medical education including professional trained aimed at improving the skills of national physicians, nurses, hospitals administrator's, bio medical engineers, and other staff in public hospitals in PNG.

Mr Speaker, in regards to the second question –

**Mr David Arore** – Point of Order! Can the Minister just answer the questions?

**03/02**

**Mr MICHAEL MALABAG** – Sometimes we have to speak clearly on exactly what is happening, so I am explaining in order for the parliamentarians to be made aware. The Ebola virus in West Africa is a very dangerous disease and we have a committee in place in the Department of Health, and relevant organisations, so we are prepared if such an outbreak should happen here in the country.

### **Supplementary Question**

**Mr KEN FAIRWEATHER** – Ebola is one thing, but right now we have an epidemic of Tuberculosis. It can be disastrous in our communities. What has the Minister for Health planned for that?

**Mr MICHAEL MALABAG** – Again, I would want to explain further, but you would want me to be brief, so I will be brief. Tuberculosis is a public health threat posing a lot of risks to the people of this country. We are not immune to the disease and there is medication available to treat this but what it needs is for us to go public and carry out awareness.

I have already spoken to the Prime Minister, during the visit of the WHO Regional Director recently. We have discussed that and the Government will assist us in carrying out this campaign. There are problems with managing this disease. The patients must make sure they take their medication so that it is controlled and cured before it leads to death.

**Mr DON POLYE** –Thank you, Mr Speaker. I direct my questions to the Prime Minister.

(1) Can the Prime Minister inform Parliament and the people of Papua New Guinea on the LNG Revenue proceeds for this year 2014 up to 2015 before the APEC Meeting, to the State's consolidated revenue or to the Waigani Public Accounts?

(2) From the reports we get from the Prime Minister, there are unbudgeted project commitments outside of the 2014 Budget to K9 billion from records that we have seen and in addition to the K1.3 billion budget deficit for 2014.

(3) Can the Prime Minister inform PNG where the money will come from to meet these commitments and will the LNG revenue be enough to cater for all these?

(4) Can the Prime Minister inform Parliament what the country's debt liabilities are at this time? In terms of PNG's debt to GDP ratio, are we on track or have we gone beyond that?

**04/02**

(4) Can the Prime Minister deny or confirm that the Bank of Papua New Guinea has fixed or packed the kina exchange rate against the Australian dollar and the US dollar at 0.41 and 0.43 respectively? If the answer is yes, then my fifth question is.

(5) To pack the country's exchange rate to a foreign currency, there must be enough Foreign Reserves to carry that. Do we have enough Foreign Reserves to support the fixed or packing of kina against these two foreign currencies?

(6) Can the Prime Minister inform this Parliament that this fixing of the exchange rate has been due to a significant capital outflow and no capital inflow? And the capital outflow is caused



by the fact that we are paying unbudgeted and unplanned debt all of a sudden like the K3 billion UBS Loan.

(7) Can the Prime Minister inform this Parliament and assure the people of this country that there is enough Foreign Reserves in the Bank of PNG or within the country to continue to give us a constant stable macroeconomic stability that we need to ensure we have all those budgeted programmes in the Budget delivered to the people of PNG?

(8) Can the Prime Minister and the Treasury give a report of the country's economic management and the conduct of the Papua New Guinea's economy at the present time, for instance, the midyear fiscal economic outcome report?

**Mr PETER O'NEILL** – Mr Speaker, I thank the Member for Kandep for his series of questions. Mr Speaker, they are very important questions and I will take time to respond to them.

Mr Speaker, the LNG revenue the former treasurer is talking about, I am sure he knows very well that we have not received any money of that fund as yet this year. As a result of that, when we framed the 2014 Budget, we did not even include that in our estimate of our revenue that was to come to our nation's coffers.

Mr Speaker, these proceeds will start coming into Government's coffers in 2015 and 2016 onwards. It is estimated that it will be over a 20-year period and it is estimated to be over 30 billion US dollars. So it is a substantial revenue and to protect that revenue, I want to inform this Parliament and of course the former treasurer knows that we are establishing the Sovereign Well Fund.

Mr Speaker, the only reason why it is delayed is because of the differences that he articulated when the former Attorney General proposed those bills and put forward to Cabinet. There were differences, which he knows too well and were not attended to. As a result, there is a delay in tabling the particular enabling laws into this Parliament.

But, Mr Speaker, I wish to inform this Parliament that the Treasury has gone through those amendments and the enabling laws that are to be passed, we will table it very soon once the Cabinet has cleared that.

05/02

And that will protect the revenues that are coming from the LNG Project so that we do not have abuses like in the past where we have had major resource developments in the country but nothing to show for it. That is why the establishment of a Sovereign Wealth Fund is very important according to the *Santiago Principles*. We are establishing the fund according to that.

Mr Speaker, regarding the issue concerning K9 billion commitments of projects, I really do not know where this K9 billion is coming from. I would like the former Treasurer to give details regarding this because there is no such thing as a K9 billion commitment to projects. Nevertheless, there have been discussions about projects into the future like the Port Moresby Airport and Highlands Highway because these are key infrastructures that the nation needs. As a Government we are entitled to discuss how we can resolve these issues.

Mr Speaker, these are not commitments endorsed by this Parliament. We do not run a government outside the appropriations of Parliament.

Mr Speaker, the former Treasurer knows this very well.

Mr Speaker, in terms of the budget deficit, when the former Treasurer tabled the Budget year, we planned for a deficit this year and next year as well. We are going to have a balanced budget in 2017, and he knows this very well.

Mr Speaker, therefore, this is just a mischievous question by the former Treasurer and I want to inform this Parliament that there is no such thing as a K9 billion commitment for unfunded, uncommitted or unplanned projects in the country.

Mr Speaker, with his question regarding debt to GDP ratio, I would like to inform this Parliament that despite the court cases that the former Treasurer has initiated and are before the Courts about issues including the UBS Loan, the current estimates given to us by Treasury is well within the provisions of the *Fiscal Responsibilities Act* of 35 percent of GDP. We also understand that it is currently slightly above 30 percent.

Mr Speaker, therefore, we are very much in line with our estimates that we have given to this Parliament.

Mr Speaker, nobody is trying to breach the *Fiscal Responsibilities Act*, but I would like to inform this Parliament that we are probably one of the very few countries in world that has got

its debt ratios tied to GDP. Many countries in the world have exceeded this and I will give an example about Japan. Japan has almost 150 per cent debt-to-GDP ratio above the GDP rate.

Mr Speaker, the US for example; has about 110 per cent above and many countries in Europe also have around 70 or 80 per cent debt ratio to GDP.

Mr Speaker, therefore, we are well within target and this is in fact one of the best managed debt level anywhere in the global economies that is comparable.

Mr Speaker, we do not intend to breach the *Fiscal Responsibilities Act* and I know that the former Treasurer is interested in the UBS Loans and its issues. Nevertheless, he knows the structuring of this loan but this issue is before the Courts and I cannot fully comment on it.

Mr Speaker, on the Courts that the Member for Kandep initiated has seen, we have won the first round and we will continue to win the next few rounds because we know that we are right and have done the right thing. Also, he has made reference to the Ombudsman Commission and I am now referred and I thank the Member for Kandep for that reference. Nevertheless, I would like to say that it was a government decision that was taken in the best interest of the nation.

Our people are crying out for ownership of resources and why should we not be owners of resources rather than be bystanders when developers and investors are taking all the benefits from resource development from this country.

Mr Speaker, I would like to assure the Member that the debt is being managed and it is well within track.

On the issue regarding the exchange rate, it is not being fixed or packed and I would like to assure the Member that we have curbed the margins because of the abuses that were done by the commercial banks because of the margins that they were charging. Poor customers were paying enormous amounts of money both in business and as individuals who were buying foreign currencies with enormous amounts of fees and margins. As a result, and as managers of the monetary policy of government, the Central Bank has got the right to rein in many of these kinds of practices.

Mr Speaker, the exchange rate is not packed but margins are being controlled and as a result the exchange rate has stabilised. Therefore, I would like to assure this Parliament that the monetary policies are being met.

06/02

You will see that the exchange rate has stabilized and I want to assure this honourable House that the Monetary Policies are being managed by the Central Bank in a very acceptable and prudent manner that is continuing to generate our growth in the economy,

Mr Speaker, in terms of foreign reserves we've got well over nine months cover and foreign reserves we've got well over nine months cover, so foreign reserves are in fact at historical levels now.

So, there is no need for the former Treasurer to see that there is a panic in the market place when he knows very well that we have got sufficient reserves to cover any level of imports that we will import into the country.

In response to his sixth question about capital outflow, thinking that because of our huge capital outflow that exchange rate is being affected, Mr Speaker, that is far from the truth.

Mr Speaker, there is no unplanned debts. The debt structures were put forward to this Parliament, through the budget and it is planned according to the budget appropriations that this Parliament approved.

In fact, Mr Speaker, many of our foreign debts, for the interest of the former Treasurer, if he is not aware of this already, I want to assure him that many of our foreign debts are on concessional rates. This means that we are paying some of the cheapest possible rates that are payable and that is between one and two or two and half per cent. So it is very much in our country's interest.

As a result of that we are not out there engaging in discussions trying to enter into commercial borrowings. We are encouraging borrowings from our traditional lenders like the World Bank, the IMF, IFC, ADB, EXIM Bank of China and other traditional lenders who have lent to governments over many years.

Mr Speaker, I can assure him that there is stability in the macro-economic positioning of our nation and the Treasurer has already released the outcomes of our financial status to the media. We are also conducting a review through KPMG at present and the Treasurer will make a detailed statement on the status of the economy in the coming weeks,

### Supplementary Question

**Mr SAM BASIL** – Thank you, Mr Speaker, in my Supplementary Question I'd like to take this opportunity to ask the Prime Minister to tell that nation so far how many exports of LNG gas has gone out of this country?

And secondly, why hasn't the LNG funds flowed, that is, not coming into the country, the Prime Minister just confirmed that but on record, previous questions were asked to the Treasurer and he confirmed that funds were parked in trusts accounts. That's on record in *Hansard* and now the Prime Minister is saying that there's no funds coming into the government coffers from the LNG exports.

So, can the Prime Minister explain what we don't know about this deal, thank you?

**Mr PETER O'NEILL** – Thank you, and I thank the honourable Member for Bulolo. I think that's a very important question that needs to be clarified.

Mr Speaker, I want to again confirm that yes, we have already started early export on the LNG gas and to date over 12 shipments have already taken place. On average the export value of one shipment is about US\$50 million. And, Mr Speaker we are getting good prices for those on spot sale.

But, Mr Speaker, I want to assure the honourable Member and this House that the project is managed by ExxonMobil, it is not managed the government. All the funds that are coming in from these sales are being parked in trust accounts.

Mr Speaker, no revenue has been distributed to any of the partners until the lenders and the insurance companies give a completion clearance and guarantee that there must be a 120 days of continuous flow of gas to the processing facility at portion 152. After that guarantee has been issued by the lenders the funds will then be distributed to the Government and all the other stakeholders.

So, Mr Speaker, I want to assure the honourable Member for Bulolo and Deputy Opposition Leader that the funds are in safe hands, it is being managed well, and we have no reason not to trust our partners. They have done a great job by –

07/02

It is in safe hands and it has been managed well. We have no reason not to trust our partners because they have done a great job by finishing a world class project on behalf of our country.

**Mr TITUS PHILEMON** - Thank you, Mr Speaker, before I ask my series of questions, I want to commend you for hosting the program yesterday. You will go down in history that you were the Speaker who promoted faith and Christianity in this Parliament. So on behalf of the people and the government of Milne Province, I commend you.

Mr Speaker, my questions are directed to the Minister for Treasury and I urge the Deputy Prime Minister and the Minister for Inter-Government Relations and the Minister for Public Service to take note.

Mr Speaker, the Milne Bay administration is facing serious manpower shortage that we inherited when we took office. And this must be addressed if we are to continue to effectively deliver important government services and implement government policies and initiatives. This shortage has affected four districts and 16 LLGs in the Province.

Mr Speaker, the major re-structure that the National Government approved in 2010 operated 404 positions but today only 279 are funded. The other 125 are unfunded and out of the 279 funded positions, 76 remain vacant because allocation to its personnel emoluments is way below the required ceiling.

Mr Speaker, because of the underfunding, the administration expects to overrun its personal emoluments spending by almost K3 million by the end of this year.

My questions are:

(1) Why has the Government through the Department of Treasury not attended to this problem although many representations were made through a letter that I wrote.

(2) Can the Minister for Treasury inform this Parliament whether the K12 million that his predecessor endorsed to give to Milne Bay administration to address this problem will actually be released?

(3) If we are serious about implementation and effective service delivery to the provinces and districts and LLGs, why is the Government lacking in addressing one of the most important enablers to effective service delivery and implementation which is sufficient manpower.

(4) Can the relevant departments send officers to Alotau immediately to investigate this matter and report on it so that the problem can be addressed and resolved.

**Mr PATRICK PRUAITCH** – I thank the Honourable Governor of Milne Bay Province for questions in relation to positions and funding for Milne Bay Province.

Mr Speaker, we all know the responsibility of budgeting for public service positions rests under the Department of Public Service. This is the responsibility of the Minister for Public Service. However, in relation to question one, I am not aware of any representation made. It may have been through the former Treasurer but I will undertake and I assure the Governor through this Parliament that I will look into the matter of budgeting short falls.

On the question of releasing of funds, if there are funds available and captured in the Budget appropriation for 2014, I will make the same undertaking to look into that and have those funds released to Milne Bay Province.

Insofar as monetary and looking at effective enablers in terms of service delivery to the provinces, Mr Speaker, I believe that responsibility rests with the Department of Public Service and the Department of Provincial Affairs.

**08/02**

Public Service and also the Department of Provincial and Local Level Government Affairs and I am sure both Ministers have taken note of that particular question. Thank you Mr Speaker.

**Mr MARK MAIPAKAI** – I would like to raise few questions to the Prime Minister in the absence of the Petroleum Minister.

My questions are in relation to the reserves of the Elk Antelope. From the previous information that we gathered there were nine reserves and then after a certified group confirmed

the findings they reduced it to seven reserves and geologist for our department confirmed it to be five TCF.

(1) What are the other two reserves of Elk Antelope?

(2) When will the project managers come to the fifth stage or the construction stage?

The information we received in terms of money issues is not very encouraging, we have already mortgaged the State, we are not going to realise the current sales until 2015 and with the mortgaging of Elk Antelope, how long are we going to wait for the materialisation of those four ships to come to the states reserves, with the current deficient budget that we are running.

Lately, from what we gathered, exploration in Wahu has been suspended because the company argued that they still wanted extra reserves. Orizon came in very recently and they have already reached the project agreement stage, they have progressed. For the interest of my people and the nation, I would like to know,

(3) How committed are these developers and how soon can they commence on this project?

Give us background information on whether we will face the same situation with the current revenue inflows because of the mortgage situation, we may not realise the end results in the event that Elk Antelope comes on stream. We will depend on the State proceedings which, will take off after a few years.

**Mr PETER O'NEILL** – Thank you, Mr Speaker. I thank the Member for Kikori for these questions.

I think the Member for Kikori may have been misinformed or he is deliberately trying to mislead this honourable House.

Mr Speaker, there is no mortgaging of any Elk Antelope or PNG LNG for that matter. I think we have not even reached that stage of negotiation with the developers of Elk Antelope as yet.

Mr Speaker, only recently, Total Company has just bought into Inter-Oil in this particular project and as a result of that they have conditions which, they put forward as a result of that purchase that includes independent verifications of the reserves of Elk Antelope.



As we speak, the briefs that we have received from the company and our petroleum people is that the drilling program is going on it will be a few more months before they confirm to us the actual status of the reserves whether it is five TCF or 9.5 TCF as predicted earlier.

In terms of the final investment decision, I have been advised that decision will be made after the reserves have been confirmed and of course and it will be within the next 12 months or so. But again it is up to the developer, Total Company which has the operator status of that particular project. Although there is a dispute between Total Company and Inter Oil that is in arbitration but, despite that dispute there is no delay in the verification and the drilling program is going on in this particular project.

Mr Speaker, he also mentioned about Wahu drilling program being suspended, I have been informed that it is because of the capacity of the drilling equipment that is out there. They need to drill further and a drilling equipment to sustain that kind of depth level will be brought forward and utilised to continue the drilling program at Wahu.

9/02

Mr Speaker, I want to assure the people of Kikori and of course Gulf Province that we will work closely with the developer operator which is Total and we are encouraging them.

Mr Speaker, we are encouraging them because we want to have this project up and running and in construction before 2017. That is our target because we need to make sure that there is continuity of the construction program for this particular industry after the flow down of the PNG LNG Project.

Mr Speaker, we have 10 000 people out there who need to be employed of course. They are now being fitted into our investment that this Government is making in the infrastructure construction throughout the country and that is why you see that many of them are not employed but, Mr Speaker, we want them to continue to use that skill in the next phase of the new project that is yet to come and it is important for our country that we secure the better economic future for our people and our country. Thank you

### **Supplementary Question**

**Mr DON POLYE** – In relation to the mortgaging of proceeds from an LNG project and Elk-Antelope, the Prime Minister just mentioned that there is no mortgaging from the LNG Project number one or the second proposed project. Now the truth of the matters is that there is a bridging loan that directly mortgages the proceeds of the LNG number one to a loan repayment. Can the Prime Minister deny or verify that because it is a bit confusing, the truth must be told. Thank you

**Mr PETER O'NEIL** – Mr Speaker, I know that the former Treasurer wants to continue to engage with me at every forum that he finds; he has tried the Courts, he has tried the Police, he has tried the Ombudsman, he has tried the Parliament but, Mr Speaker, let me answer his question very clearly so he can once and for all understand that there is no mortgaging of the PNG LNG Shares to anybody. Secondly, there is no mortgaging of the Elk-Antelope to anybody on behalf of the Government. If that is not clear enough for him then I don't know what other language I will speak to him.

Mr Speaker, on the bridge in finance, we are certainly financing it from our Budget, State is paying that interest portion of the Budget as we speak today. Mr Speaker, the UBS Loans is mortgaged only by Oil Search shares and that is very clear so I hope he understands that as well. Thank you, Mr Speaker.

**Mr SPEAKER**– Let me remind all the Honourable Members that when asking questions be careful not to be making inference. In doing so, you might mislead the Parliament and also the people of this nation.

**Mr ALLAN MARAT**– My questions are directed to the Minister for Higher Education. I have been reliably told that a substantial fund was given by the Office of Higher Education to the University of Natural and Human Resources and Environment, University of VUDAL, for the construction of a Library. Furthermore, substantial funds were given by the National Government to that same University for the construction of a Science Laboratory.

Mr Speaker, to date, these two buildings have not been constructed. The funds are no longer in the treasury of the University and it is alleged that those funds have been used elsewhere. Is the Honourable Minister aware of the problems in relation to these two educational infrastructure buildings or does he need to make further investigations?

10/02

**Mr MALAKAI TABAR** – Mr Speaker, I thank the Member for Rabaul for the question.

The situation at the University of Natural Resources and Environment in Rabaul has been investigated and there is an investigation report, which I have not sighted as yet.

Mr Speaker, this is my second week in office after being recently appointed Minister for Higher Education and there are few major reports in my office. I am aware of the situation and also the Institution is in my district so I will look into this and respond adequately in due time.

**Mr BOB DADAE** – Mr Speaker, I direct my questions to the Minister for Defense.

Mr Speaker, before I ask my questions, let me give a brief background regarding my questions.

Mr Speaker, the Papua New Guinea Defence Force not long ago was once the pride of the nation. Our infantry soldiers were by far the best infantry soldiers in the whole world.

It is no secret that infantry soldiers were recruited from real settings and was the basis of this remarkable achievement.

Mr Speaker, lately, the Defence Force has gone through changes to address issues and challenges to suit the current military trend.

Mr Speaker, I have heard of a disturbing trend that the Defence Force whether by change of policies or reasons only known to the Defence Force hierarchy are recruiting of new intakes only in major centers.

Mr Speaker, this is very unfair to young men and women from other provinces who wish to join the Defence Force.

My questions are as follows;

(1) Can the Minister confirm or deny the current recruitment of new intakes is conducted only in major centers and not in all centers of the provinces?

(2) If recruitment of soldiers is only done in major centers, can the Minister tell this country why that is the case or why the change in the recruitment policy?

(3) What has the Defence Force done to ensure that every citizen of this country is given all the opportunity to apply for duty?

Mr Speaker, the Defence Force must be equally represented from all concerns of the nation within the core and other ranks.

**Mr FABIAN POK** – Mr Speaker, I thank the Member for South-Fly for his series of questions. As a former major in the Military Force, he is aware and knows what he is talking about.

Mr Speaker, I do admit that new recruitment is only taking place in major centers but I have directed the new Commander to ensure that the recruitment must cover the 89 districts of our country.

Mr Speaker, the Defence Council will establish a policy on whether recruitment will cover the 89 Districts in Papua New Guinea. It is my belief that the military Force must be made up of the whole of Papua New Guinea.

**11/02**

In the long run, we are trying to increase the current Defence Force personnel of 5 000 to 10 000 by 2017 and beyond. It must not be represented by one ethnic group, one province or one area but it must be represented by a country as a whole and its districts.

I have directed the Commander to look at how we can fairly recruit in all the 89 districts. So if we are looking at say 100 recruits, we have to divide it between the 89 districts to give a fair chance. That does not mean that we will just recruit anybody. The recruits must be qualified and medically fit to join the Defence Forces. This policy is now being looked at and will be implemented very shortly.

I also want to inform Parliament that some Members and Ministers have given some lists of people they want to join the Defence Force. But this can only be done if they are medically fit and have the ability. So, we will be implementing this policy of representatives of the 89 districts.

I also want to take this opportunity to thank the Prime Minister, Honourable Peter O'Neill, for making Defence Force and other disciplinary forces as a priority in our nation building as well as for protecting our nation.

**OMBUDSMAN COMMISSION OF PAPUA NEW GUINEA – INVESTIGATION  
INTO THE DEPARTMENT OF LANDS AND PHYSICAL PLANNING ON  
ALLEGED IMPROPER LICENCING OF SECTION 36, ALLOTMENT 1-6 AND  
21-26 IN KIMBE, WEST NEW BRITAIN PROVINCE – PAPER –  
MOTION TO TAKE NOTE OF PAPER**

**Mr SPEAKER** – I present the following Paper pursuant to statute:

***Ombudsman Commission of Papua New Guinea –***

*Final Report of the Ombudsman Commission of Papua New Guinea on the  
Investigation into the Department of Lands and Physical Planning on the  
Alleged Improper Licensing of Public Institutional Land (Section 36,  
Allotments 1 to 6 and 21 to 26) under special purpose to Solar Industries  
Limited for commercial purpose in Kimbe, West New Britain Province.*

Motion (by **Mr Richard Mendani**) agreed to –

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

**AUDITOR-GERENAL OF PAPUA NEW GUINEA – PERFORMANCE AUDIT  
ON THE MANAGEMENT AND REPORTING OF TRUST ACCOUNTS –  
PAPER – MOTION TO TAKE NOTE OF PAPER**

**Mr SPEAKER** – I present the following Paper pursuant to statute:

*Auditor-General of Papua New Guinea –  
Performance Audit on the Management and Reporting of Trust Accounts.*

Motion (by **Mr Richard Mendani**) agreed to –

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

**AUDITOR-GERENAL OF PAPUA NEW GUINEA – REVIEW OF  
THE INGRATED FINANCIAL MANAGEMENT SYSTEMS (IFMS)  
PROJECT – PAPER – MOTION TO TAKE NOTE OF PAPER**

**Mr SPEAKER** – I present the follow Paper pursuant to statute:

**Auditor-General of Papua New Guinea –**  
*Report of the Auditor-General of Papua New Guinea on the Review of the  
Integrated Financial Management System (IFMS) Project*

Motion (by **Mr Richard Mendani**) agreed to –

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

**AUDITOR-GERENAL OF PAPUA NEW GUINEA – DISTRICT  
SERVICES IMPROVEMENT PROGRAM REPORTS, 2012/2013 –  
PAPER – MOTION TO TAKE NOTE OF PAPER**

**Mr SPEAKER** – I present the following Paper pursuant to statute:

*Auditor-General of Papua New Guinea –*

*Report on the key findings resulting from 2012/2013 District Audits of  
Expenditure relating to the District Services Improvement Program.*

Motion (by **Mr Richard Mendani**) agreed to –

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

**REPORT OF THE EMINENT PERSONS GROUP –  
MINISTERIAL STATEMENT – PAPER NOTED**

**Mr PETER O'NEIL** (Ialibu-Pagia – Prime Minister) – Thank you Mr Speaker for giving me this opportunity to again make this statement to Parliament on the issue relating to Ok Tedi, PNGSDP and related matters.

Mr Speaker, I am sure honourable Members are aware of the public and media statements that continue to be made about the State's initiative and intentions to re-negotiate the scheme of arrangements relating to BHP Billiton's exit from Ok Tedi Mine in 2001, the Change of ownership of OTML, the compensation of impacted Mine communities in Western Province and the setting up of PNGSDP.

Mr Speaker, many of these statements are misleading the people of Papua New Guinea and today, it gives me an opportunity to present to Parliament, the Report of the Eminent Persons Group (EPG) appointed by the National Executive Council to mediate and facilitate an agreement between the State, PNGDSP, BHP Billiton and OTML.

12/02

Mr Speaker, on 30 October 2013, the Eminent Persons Group was appointed and it commenced its mediation work on 6 November 2013. The group is made up of some of the most distinguished Papua New Guineas consisting of the former Prime Minister, Sir Rabbie Namaliu, former Member for Lae, Bart Philemon, and the current Minister for Public Service Sir Puka Temu.

Mr Speaker, the EPG gives much time and effort to the Chairman of PNG Sustainable Development and its board members and its CEO. The EPG was able to finalise an agreement and the aids of agreement between the State and the Sustainable Development Programme on 5 December 2013, which was to be signed by the Chairman of the PNGSDP and myself on behalf of the State and by Sir Rabbie as the Chairman of the group.

The aids of agreement sets out very clearly the terms that were agreed to on the three core issues and those relate to Ok Tedi, BHP and its continued engagement and participation and the Sustainable Development Program restructure. The agreement by the State was to pay a small compensation to the Sustainable Development Program for its shares in Ok Tedi and the amount was to be equal to the sustainable shares/money that were spent on the extension work on the life of the mine itself.

The amount was to be calculated by OTML and independently verified. The State and the PNGSDP were entitled to receive their dividend prorate basis up to the time of the final agreement which was to be dated as of 2013. This was subject to the declaration of the dividend by Ok Tedi itself. In terms of BHP and its continued participation, the agreement was that this would exit the current arrangement but its indemnity against some of the claims for environmental damage was to be protected under the arrangement and that indemnity does not require a legislative structure.

Mr Speaker, to protect that indemnity with some interest in the long term fund of the program itself and we agreed that the PNGSDP will continue to maintain its going to be managed independently. It is also our understanding that the Sustainable Program will only focus on investments and management of the long term fund and not become a project manager as they have done in the past.



Mr Speaker, they will no longer hold shares in Ok Tedi and they will make sure that they deliver annually to the people of Western Province US\$100 million to support the development programmes in Western Province. It was understood that they will also undertake a restructure programme within the Sustainable Program and of course the priority of that restructure will make sure that all stake holders participate in ensuring that Western Province projects and development agendas are prioritized by this organisation.

Mr Speaker, the State understood to agree to signing of these aids of agreement and it was advised that we will withdraw participation as a condition of this and that any of the litigations that were being carried out in PNG, Singapore and Washington and that these legal proceedings were initiated by the PNGSDP and not the State.

13/02

Mr Speaker, the EPG also recommended to the State that they will immediately sign this very clear and specific commitment and actions by the agreed parties.

Despite all our efforts to mediate and all the efforts of the EPG, the Sustainable Board rejected after so many months of negotiations.

Mr Speaker, it was also noted that EPG also recommended that State demonstrated very clearly genuine effort. EPG noted that we were very genuine about our negotiation and our negotiations with the exit of BHP and the restructuring of this Sustainable Program.

Mr Speaker, the NEC, in considering the report on 5 March 2014, decided that any effort in further negotiations with Sir Mekere or the Sustainable Board will be unproductive and we at Sustainable had no intention of reaching an agreement with the State.

Mr Speaker, that is why, I have to inform this Parliament that this is not the first time Sustainable and its Chairman has renege on agreements they have reached with the State. The Chairman and I, of course, reached an agreement confirmed by us shaking hands in Majuro, Republic of Marshall Island, in early September on the side lines of the Pacific Island Forum Leaders (PIFL Leaders) Meeting.

Mr Speaker, immediately on return to Port Moresby, of course, PNG Sustainable Development served me with legal proceedings, despite us shaking hands in Marshall Islands. So,

it is quite clear that when you shake hands with someone, it is supposed to have already being an agreement, but clearly that is not the case.

Mr Speaker, of a more fundamental concern which strikes the core of the integrity and transparency is the establishment of the Sustainable Program itself. It's issue is about good corporate governance and the conduct of each individual member of a sustainable program as a whole.

Mr Speaker, in Australia, breaches of corporate fiduciary duty by any directors can lead to fines and terminations from boards but unfortunately in this case, it does not seem to be the case.

Mr Speaker, in 2013, three PNG appointed members of the PNGSDP Board those appointed by the former Minister for Treasury, the Governor of the Bank of PNG and the Chamber of Commerce have decided together with the BHP appointed board to remove any powers that the Government has through the Minister for Treasury. Who are they acting on behalf of; especially the one appointed by the former Treasurer.

Mr Speaker, it is quite evident that they do not represent the State's interest and they certainly do not represent the interest of our people of Western Province. Of course, these are very same people decided that they will again change the directors of the Board of PNG Sustainable Development by calling a special general meeting to approve the change.

Mr Speaker, in normal circumstances, normally the shareholders will approve the changes in the Board of Directors and the State, as the stakeholder in this particular structure, was not even invited to participate in that process.

Mr Speaker, this will be like the Prime Minister who is appointed by the Parliament deciding on the Ministers of the Cabinet and then changes to the *Constitution* without the knowledge and the concern of the Parliament. So, it is like the Cabinet trying to change the *Constitution* without the knowledge of the Parliament and this is a similar scenario where the PNG Sustainable Development Program is trying to change the Constitution of the structure and the program with concern of the stakeholders.

Mr Speaker, I wish to inform this Parliament that the Memorandum and the Articles of the Association does not give specific powers to the Board and members over the management of the PNG Sustainable Development Program to appoint the new directors and change the program rules of this company. We still have an agreement that has been signed between the BHP and the

State and that agreement continues to be recognised under the governance structure of the Papua New Guinea Sustainable Program.

14/02

Unfortunately, the chairman and the board of the Sustainable Program do not recognise this particular agreement between BHP and the State.

Mr Speaker, they are now only accountable to themselves. They are not accountable to anyone and not even accountable to the program rules and, as a result, we are still in court in Singapore and the other places that they have initiated.

Mr Speaker, on behalf of the State, I cannot accept this kind of faith and trust.

Mr Speaker, this is why the Government has asked for the resignation of the directors, but it is currently falling on deaf ears. This is because they have now personalised this particular interest.

Mr Speaker, on the same positive note, we have tried to engage directly with the BHP Billiton led by the Minister for Public Services with our team to negotiate directly with them regarding these issues as stakeholders in this Sustainable Program.

Mr Speaker, unfortunately, this is matter is also now stalled because of the court proceedings in Singapore. With that, I can inform this Parliament that the court proceedings in Singapore are travelling very well for the State. Yesterday, there was a clear good outcome where the Sustainable program was given several orders includes not to interfere with the long term fund.

Mr Speaker, this is because they have been drawing money without the consent of the State.

Mr Speaker, to draw money out of that fund, you must have an express consent from the State. Unfortunately, they have been using that money and I have been told that over US\$7 million has paid, but I am not sure if that is the exact amount but largely to pay for the ego of the directors. These cases are just motivated by ego and pride and as result, they have also been given orders to stop selling assets of the Sustainable Program.

Unfortunately, some of the assets have been sold to cronies and members including members of the Sustainable Board. Also, some of them continue to enjoy privileges on both sides. A classic example is the PNG Cloudy Bay Timber Project.

Mr Speaker, the money is intended for the people of Western Province and about K200 million or so was spent for this Cloudy Bay Timber Project, and from reports that we are getting, this project was sold for K40 million.

Mr Speaker, this is a daylight robbery and we will come to the bottom of all this after we have concluded the court cases in Singapore.

Mr Speaker, that has not been the only asset sold but we have been told that the communication towers built by the Sustainable Program in Western Province was also sold. Instead of selling to the provincial government and the people which cost them about K70 million, they are now trying to sell it to Digicel for K3 million.

This kind of fire sale because of individual egos is unbecoming and unacceptable and I would like to inform this Parliament that the Supreme Court's ruling is very clear and that, the management must report to the state on an interval basis about how they are managing the fund while the court case is proceeding.

Mr Speaker, I can also assure this Parliament that we are on top of this and the outcomes which I believe strongly will be favoring the State and more so the people of Western Province.

Mr Speaker, I, therefore, commend this Report to Parliament.

**Mr KERENGA KUA** (Sinasin-Yonggamugl) – I move –

That the Parliament take note of the Paper.

Mr Speaker, it is pleasing to see the positive outcomes of the arbitration and litigation that is presently being conducted in Singapore.

**15/02**

Mr Speaker it's pleasing to see the results and the positive outcome of the arbitration and the litigation that is presently being conducted in Singapore.

The way the PNG/SDP was set up and the disputes that have arisen subsequent to it leading to all the dispute and the arbitration has been clouded in technicality and has caused a lot of confusion about the real purposes behind the establishment of this company

And so I want to strip away all these confusions and take us right back down to the heart and soul of why that company was set up and to make it clear to all of us here on the Floor of Parliament as to why this company was set up in the first place.

It all began with the damage that was done to the environment in Ok Tedi and a lot of liability claims were being made against BHP who was the major shareholder and operator of that big mine. They also oversaw the operations that led to lot of environmental pollution.

The claims were massive so in order to walk away from that kind of liability BHP was looking for a clever way to exit, to offload all these burdens of potential liability and walk away without having to pay a cent. And they created this scheme to set up PNG Sustainable.

The purpose of that was to give Papua New Guinea compensation for that environmental damage. That compensation was to end up in the hands of Papua New Guinea through the mandated government of the day. That was our compensation package.

However, BHP, like all other multi-national corporations that go around the world and harvest the resources of, especially third world countries, tied up those nations into very complicated structure and legal structures that make it difficult for people to understand and undo it.

So, I don't blame anybody in this country, including this Parliament or having approved this particular legislation that set up the framework for this particular company to be established and to operate under these terms and conditions.

What was meant to be our compensation package ended up in the hands of some third parties. But you've got to understand this; BHP caused environmental pollution and damage to this country. And this country, through its government had the right to claim that compensation for its people. We had the right to that compensation as the government.

But that compensation in that legislative framework, the Ninth Ok Tedi Supplemental Agreement, set up a structure where we, the State gave all the indemnities and immunities that were necessary to allow BHP to walk away in the pretext that we receive that compensation on the other hand.

But, did we receive the compensation? No, we didn't. But, the compensation did take off from its base point but it landed somewhere else, in the hands of some third parties. We never received that compensation but, we gave the indemnities and the immunities as if we did received that compensation. We never did. The compensation package never landed in our hands.

It landed in the hands of some third parties who controlled PNG/SDP, and I must say that as far as I'm concerned the equation is incomplete. Indemnities and immunities are complete, they have gone to BHP but the compensation package came and stopped at some halfway point and not to the State.

That is why as we proceed down this track and try to clean this mess up we've got to get to the point where that compensation package must land in the hands of the Independent Stat of Papua New Guinea and it must be owned and controlled by this Parliament, by the State, not some third parties who are now making it very difficult for us.

And I want to make it very clear that I don't blame those people who are currently managing PNGSDP, including Sir Mekere. He is a distinguished leader in this country. We have to respect him.

16/02

*(Members interjecting)*

**Mr KERENGA KUA** – He is managing a structure that is legislated by this Parliament and this Parliament was misled by BHP. BHP created that legislation and we legitimise it through this Parliament and now we have to deal with this mess. It is typical of multi-national companies around the world. They use their intellectual capital that is available to them to tie a third world country in the north and this is a classical example of it. But the good thing is that we are stripping away all this structures to bring it down to the basics and the Prime Minister must not resign from this course. You must be resilient and commit yourself to go down to the point where both the ownership and the control must come back to the Independent State of Papua New Guinea.

Whether the people like it or not, this Parliament is mandated to be responsible in its management. Even if we say we do not have all the qualifications to manage things like that but there are educated Papua New Guineans out there who can manage it. I do not believe that anymore and I will not subscribe to it anymore. There are lots of Papua New Guineans who can manage so we must proceed to the part where both the ownership and the control must be brought back into the hands of Papua New Guineans.

I would like to suggest that I do not agree with the proposal that PNG Sustainable Development be paid any compensation at all for relinquishing either the shareholding or funds under their control back to the Independent State of Papua New Guinea. But on whose behalf will they receive the money? Is it on behalf of the people of Western Province? Where is the constitutional mandate? Who voted for them into office? This Parliament is the one that has been voted into office by the people of this country and given the exclusive mandate. This exclusive mandate is to manage all the interests in this country. Therefore, ownership and control must come here without any compensation to PNG Sustainable Development because the company itself is just a shelf. So for whose benefit is it operating for?

Mr Speaker, we are mandated to speak for the people of Western Province and not PNG Sustainable Development. Therefore, it is pleasing to see the court in Singapore already agreeing to get back to the basics and we must maintain this course.

**Mr BEN MICAH** (Kavieng – Minister for Public Enterprises and State Investment) – Thank you, Mr Speaker. I also would like to contribute following the Prime Minister's statement. Mr Speaker, I commend the Prime Minister for taking a strong and decisive action to expose and correct the fraud activities of a multi-national company.

Mr Speaker, let us not beat around the bush about it. It was an amendment of the 9<sup>th</sup> Supplemental Agreement. I was not a Member during that time when the amendment was made and passed –

*(Laughter in the Chamber)*

**Mr SPEAKER** – Honourable Minister, you cannot point finger's at anyone here.

**Mr BEN MICAH** – Mr Speaker, I withdraw. For those people who have forgotten history, they will be forced to repeat history again. I am not here to point fingers but I just want to remind this Parliament that since Prime Minister O'Neill has taken this important step to correct this wrong and get back what really belongs to the people of this country, and to address the environmental disaster in Western Province, especially the delicate river system of the Fly River and its tributary.

**17/02**

What really belongs to this people of this country and to address the environmental disaster in the Western Provinces, especially the delicate river system of the Fly River and its tributary. We must not look back or reverse; we are facing difficulties because we have played along with the game of the big companies. We are not focusing on working together to address and correct these wrongs which we have made instead many Papua New Guineans in this Chamber and out there are dancing to the tune of these multinational companies.

Mr Speaker, I am sorry to say this and you can ask me to withdraw this statement if it is wrong, that these laws were set up with the premise that we are still '*bush kanakas*', that our Parliament can be used to set up a structure controlled by foreigners with offices in Singapore.

**Mr SPEAKER** – Honourable Minister, you cannot use the term '*bush kanaka*', it is un-parliamentary.

**Mr BEN MICAH** – I withdraw that term and I will instead use the term illiterate or uneducated and don't know how to govern ourselves or look after what rightly belongs to us. The company was set up in Singapore under the laws of a foreign country to regulate and manage the affairs of a company that is being responsible for managing revenue that comes as a result of the damages done to the river system of the communities in Western province.

Mr Speaker, I am raising these issues because in 1988 the Bougainville crises came about because of mining and that did not occur because of land owner issues but because of the damages done to the Jaba river system. It started with an environmental issue, which led to



landowner issues and to a bloody conflict that saw Papua New Guineans fighting amongst themselves while the multinational companies just took off and are now mining in other parts of the world, and BHP will continue to play this sort of game.

I just want to make sure that we take note of the decision that we have corrected and I believe that all of us must step back and address the issue of pollution of Fly River and the compensation issue and ensure that BHP owns up to it as a priority of this country and not just a priority of the Prime Minister and the Government but of all Papua New Guineans. We should stop fighting amongst ourselves and instead fight the real cause of the problem and fight those who caused it.

I would like to support the Prime Ministers statement in challenging this company and we must not reverse or change our direction. We must completely dismantle this organisation and give all the control back to the people of Western province and the people of Papua New Guinea. We must always remember our purpose of being here.

Even on management of the Sovereign Wealth Fund, Prime Minister and Mr Speaker, the revenue generated from the resources from our land and sea is ours. We are the only people who are given the power, authority and mandate to manage them for this generation and the future generation. We the 111 members are mandated by the seven million people to be in this Parliament. Never again must we ever pass this kind of law that removes the mandate and authority of control and management of resources to third parties who will turn around and fight us back to defend the interest of foreign multinational companies.

**18/02**

Never again must we ever pass this kind of law that removes mandate and authority of control and management of our resources to third parties who will turn around and fight us back and defend the interest of foreign multinational as this country of ours moves and steps up into greater development of resources in Mining, in the Oil and Gas sector and the other sectors that we will look into it.

Mr Speaker, I support the statement of the Prime Minister and I support some of the points that the former Attorney General has presented and I ask all the members of Parliament to work together in supporting the Prime Minister. I have a lot of respect for the former Prime

Minister who is the Chairman of PNG Sustainable, I still continue to maintain a close friendship with him and with all those people who are Directors of PNG Sustainable, but I believe that the time has come for the real issues to be looked into and all Papua New Guineans must fall behind the Prime Minister so that we can address these important issues so we must recover the money, address the issue of environmental pollution of Fly River and whoever is responsible for this must be accountable to fix it. Then we must sort out how the money which continues to come from the copper and gold mines must be paid straight to the right place. But firstly, to the affected communities around the mine, the communities of the Western Province and then surplus to the rest of Papua New Guinea. Thank you

**Mr ATI WOBIRO**(Western) – I also want to take part in commending the Prime Minister for the decisive actions that he has taken and I also want to congratulate the Government and NEC for supporting the Prime Minister and working together with the leaders and people of Western Province. I am certain that today, people in the Western Province are turning the radios on and reading newspapers. They are very happy indeed that something great is happening at last; for too long our people have been suffering.

For many years people talk about benefits for the people of Western Province, but the benefits as was described by the previous contributors stopped somewhere; it didn't directly flow to the people of Western Province.

The people have been living with the difficulties that the mine has created when the Prime Minister on this Floor of Parliament made this decision to take over the ownership of Ok Tedi. Myself and the other three Members of the Western Province had no hesitation to support him and give our undivided support and confidence in him. Thank you, Prime Minister, the people of Western Province know that you have a heart for them, they now know that they have a Prime Minister who is interested in the welfare of our men, women and children throughout the Western Province.

Mr Speaker, through you, I suggest that this is a golden opportunity for the Government to make some decisions to correct the mistakes of the past.

Mr Speaker, I refer to the formation of the Board of PNG SDP right from the start. Even though the object of the entity was mainly for the benefit of the Western Province, there was no

provision made in the composition of the board for a Western Province person directly to be included in the board. Other people with no knowledge about what has been happening in our province have been representing our interest.

19/02

Mr Speaker, I hope that this new opportunity now with a 100 percent ownership of the mine, the Western Province people will be given appropriate ownership and structure that will at last address and bring to some kind of compensation for the damage that our people have faced in line with the shareholding.

Mr Speaker, I hope that the Prime Minister and his government in negotiation with the new shareholding will offload sufficient shares to our people so that at last we can embrace and feel compensated for all these damages.

Mr Speaker, I know we have discussed these issues but after the court cases and after all this it would be good for the people of Western Province if the management of the funds be decentralised to the people of Western Province, of course with the National Government involvement.

Why should the peoples' funds be managed in Port Moresby or other centers when the money is supposed to be managed for the benefit of the Western People?

I urge the Prime Minister on behalf of the 200 000 people of Western Province that we will continue to give you our support and you know the support that our people have given to you and now that things are progressing well that we will move on to deliver the services that our people in Western have long been derailed off.

**Mr SPEAKER** – Honourable Members, we will continue debate after lunch. For your information, there may be a presentation at the State Function Room in relation to time and access system. I suspend Parliament for lunch.

Sitting suspended from 12 noon to 2.00 p.m..

20/02

**Sir PUKA TEMU** (Abau – Minister for Public Service) – Mr Speaker, I wish to continue the debate on the Prime Minister's statement that was done just before lunch and wish to take the queue from the previous speakers and put on record my appreciation to the Prime Minister, in particular recognising his very strong leadership in this very difficult issue.

I know the background of BHP's involvement after the PNGSDP was established under the leadership of then Prime Minister Sir Mekere Morauta and the 9<sup>th</sup> Supplement was passed on the Floor of this Parliament. And not long ago we basically rescinded that particular legislation and passed the 10<sup>th</sup> supplement.

In summary; what the 10<sup>th</sup> supplement did was that we remove the immunity for BHP and kept the indemnity. And those are the issues that the Prime Minister has been providing leadership on. During the formation of the EPG, I want to thank the Prime Minister for allowing me to represent the Executive Government in the EPG, led by the former Prime Minister Sir Rabbie Namaliu.

Mr Speaker, I saw that the Prime Minister was very focused, clear and determined to make sure that we achieved the outcome that we are achieving. The Prime Minister in presenting his statement is absolutely right that the process when through to nearly signing Sir Mekere as the Chairman and the Prime Minister as the prime minister. The targeted was in February last year and that would have meant that we would have restructured the PNGSDP and established what we then called the Western Province Sustainable Development Programme, managing all the development funds for the people of Western Province.

That was the long term view of the Prime Minister and unfortunately, the only area that differed was the Sir Mekere wanted all the detailed legal instruments to be signed before the agreement was signed.

We said it cannot be done that way prior to signing of the agreement which we vigorously negotiated. I must say here that the Prime Minister in his wisdom gave away a lot to sustainable development, particularly his view of sustainable development's need to be restructured and focused on managing the long term funds through funds' managers. The leaders of the Western Province, through the province's development plan, could roll out a project component through their representation and also the issues of transparency and accountability.

Mr Speaker, that was a very good long term deal which the Prime Minister had and also he did not disclose in the statement his views about the future of Ok Tedi and other mines in the country and how we can relook at sharing structures to allow our people to reap the most benefits from these resource development programs. And so I want to commend the Prime Minister. As someone who was fully engaged in the negotiation, I cannot fully understand those of our directors in the PNGSDP that failed to come back to those who appointed them and advised them that this was what was going on.

I call up on those directors to voluntarily step down and this goes to Sir Mekere too. He needs to do that because he has dragged this on for far too long as we are now almost to the end of this year and the people of Western Province have not yet benefited from the program and the Governor and the Open Members are waiting for the funds, because we did not strike the deal in February as planned.

I am not surprised that the Supreme Court in Singapore has made that decision and that there is a fair way to go yet and I believe Washington is looking good on that issue.

**21/02**

I also want to thank the Prime Minister for appointing me as a special envoy to negotiate with the team directly with BHP and we are waiting for BHP to come around from the last negotiations. I think the issues are very complex and the way, as the former Attorney General put it, the PNGSDP was structured through the *Ninth Supplemental Act*, it was such that BHP still had an input in the process and we are trying to see how we can progress on this.

Mr Speaker, my personal view is that PNG as a nation has had a very good experience with the mining program like Ok Tedi and established the PNGSDP. It is like establishing the Sovereign Wealth Fund, where you have the board of managements, independent of political interference and BHP has exited so that the Sovereign Wealth Fund will build up after so many years to about US\$300 million but it has exceeded that and it's now up to US\$1.2 billion. This means that the Fund's managers through the PNGSDP were doing an excellent job.

Our challenge was on how we align the sustainable development component to the national aspirations relating to the Western Province people. That was the greatest challenge and

we were sidelining the Governor and the Open Members of the Province and therefore their input was not through the board or through nominating the priority projects in the province.

Mr Speaker, as it is, that was the challenge and the Prime Minister in his wisdom gave away a lot to sustainable development because of his wisdom and that as a long term fund manager PNGSDP will be restructured and have all local directors as part of the directive from the Prime Minister. There are many well qualified nationals out there who can look after this long term fund and at the same time the nominated amount of US\$100 million a year to come through the Western Province sustainable development component.

Communities will be represented through their leaders and, therefore, according to the LLG, District and Provincial Government plans, the nominated priorities will be funded through that process. I believe this is one trail blazing benchmark arrangement we will set because for instance, there are still many mines coming up and other major projects as well.

Mr Speaker, if we structure this well, it could be one of those trail blazing structures that will be the first to address the non-renewable sources of mines but in order for those revenues to be properly managed there is this structure that we are working to use with the PNGSDP and that is through Ok Tedi. It is a long term thing like the Sovereign Wealth Fund, the Kumul Holding Structures and so we are trying to relook at the way we have managed our richly blessed natural resources. It has been a very good experience and I believe that we will learn a lot and our challenge is that BHP cannot just exit automatically; there is that indemnity that still insists that we are negotiating to do that through a Memorandum of Agreement or other instruments.

Mr Speaker, I just hope and pray that the Court decisions will be done quickly and favourably and that we continue to negotiate with BHP and we will move towards a very smart structure at the end of the day. I believe that this is an experience we as a nation have an opportunity to use.

**22/02**

So, Mr Speaker, I just want to recognise the Prime Minister's leadership in this entire process. We actually sat four times with the EPG and 10 times with the Prime Minister. That's how the Prime Minister gave a lot of time through the EPG process.

So, actually in the heads of agreement, that we allowed PNGSDP to have a lot of input so Sir Mekere cannot say that we did not give them a fair chance or we did not give them a fair hearing.

Mr Speaker, as one of those three, I was very, very disappointed with Sir Mekere and his team. In fact, I actually told them, 'look, take your hats off as chairman and directors of PNGSDP and put the Papua New Guinea hat on. What's wrong with you people? PNGSDP is a baby of the State so why are you as Papua New Guineans fighting the government? Why are you arguing about all of those things? Put the PNG hat on and humble yourselves and let's agree with what we have negotiated for.

But there was a lot of mistrust reflected by the PNGSDP Board members and I was even disappointed with our own State nominee because they were conniving with the PNGSDP people.

I must now say that when we appoint people to boards such as Telikom Board or Water Board or and other entities there must be a requirement for fit and proper persons because otherwise we are going to have people who have personal interest being appointed there and they will end up compromising the position of the State big time.

I saw it and I must express how disappointed I was as a leader who participated in the negotiations. The Chairman, Sir Mekere, made me so disappointed that I almost hit him across the table and Sir Rabbie had to stop me from doing that.

But, Mr Speaker, as Melanesians we know how to talk, we know how to sit down and shake hands. At the end of the day, the Prime Minister and Sir Mekere shook hands many times. I've forgotten how many times exactly but we said the next time the Prime Minister and Sir Mekere get together they probably will shake hands the Maori way by rubbing their noses together.

But, Mr Speaker, I believe that we are heading in the right direction. I believe that through the experience and through the Tenth Supplemental Agreement, the court processes that BHP has initiated and the negotiations that we are engaged in with BHP, we will find the best structure for our country and the enormous benefits that we owe to the people of Western Province.

**Mr POWES PARKOP** (National Capital District) – Thank you, Mr Speaker, for giving me the chance to contribute to this debate.

I think the first thing I wish to tell our people and the Parliament is to encourage the Prime Minister to go ahead by whatever way you are going to do it, you must go on. This is one battle that we can't afford to lose. And up to now we are losing big time.

Mr Speaker, we are losing big time and we are not even there yet. There is still a long way to go. On the other side they are fighting tooth and nail and I don't know why they are doing so. They should have given up a long time ago.

And those people who see themselves as Papua New Guineans or who are representing us as directors on that Board should be ashamed of themselves because this is something that our people have been crying for a long time. It is justice long denied to our people.

**23/02**

Mr Speaker, I will explain why I am saying this but I would also like to say that, the position of the BHP and the trustees is immoral and bordering on fraud against our people.

Mr Speaker, when the landowners themselves were trying to take this matter to court, Mr Rex Dagi from up in the Ok Tedi River and down in the South Fly, Mr Lagari Mambu, as landowners brought scientists to those places at their own costs. The State did not assist them and nobody of any standing aided these landowners to take this giant to court. They paid for the scientific tests themselves and then when they went to court the State did not even help them.

I believed at that time that the State was also against them and they took the matter to the Supreme Court in Melbourne, which was then transferred to the National Court here.

Mr Speaker, I know this because I was one of the lawyers representing them, and we have fought a long battle.

Mr Speaker, I had to go on a long speaking tour to Netherlands, Germany and the United Kingdom to lobby against BHP and change the situation so that our people could get justice and be compensated. This is what we are all talking about and it has been long denied because the Ninth Supplementary Agreement deprived them of that justice. It deprived them of adequate and shared compensation.



This is what we have done to our people and this is what we must redress. So many people have put their heads together to seek justice in the Western Province and it is not coming yet. Therefore, we must support the Prime Minister and we must make sure that we conquer this and achieve the outcomes that our people want, the people of Ok Tedi, Fly River and in the affected areas. That is why it is important that we keep on doing what the Prime Minister has set us out to do.

Mr Speaker, as you know, in the United Nations Social Development Index in 2012 they rated PNG badly again, but there is a particular comment in that Report about Western Province that brings us to shame. This is what they said about Western Province; they said, if it was not a country on its own it would equate Somalia.

Mr Speaker, this was the assessment made by the United Nations when US\$2 billion was parked there in Singapore. This is what we are talking about; the people of Western Province have to go down there in Cairns to get medical treatment. Why? This is because they have enough money as they have big geographical area but a small population of about 150 000 to 200 000. Therefore, there is enough money to look after our people in Western Province but you all know what has happened as this is a big crime of a deceit and immorality.

As the former Attorney-General has said, this government gave all the guarantees and immunities to that company and they escaped. They said that they would exit the mine and have no control anymore but they deceived us. They drew up the trust deeds and made sure that they were the majority there. Even though we had our representative of the State there the majority of board is made up of BHP Billion. This is the problem that we are facing and they have deceived us for they did not really exit but went ahead to control the mine from the back.

That is why we should not only stop this PNGSDP once and for all and bring it back to the people of Fly River, Ok Tedi River and Western Province but we must take over the mine as the Prime Minister has said. Currently, the mine is owned by PNGSDP, but who controls it? The answer is BHP. Just look at how they distribute the portfolio because some of it will benefit BHP. For example, why are they trying to fund a big port in Daru? Who trades in Daru? Who is going to set up a capacity to trade import and export?

They are trying to set up a smelting capacity somewhere in Balimo and use that port.

24/02

We have to support the Prime Minister to take over this PNGSDP once and for all. We can't allow it to continue for ever and become a big problem by depriving our people of what is essentially theirs. It belongs to them and we shouldn't pay BHP or PNG SDP any compensation.

So, Prime Minister, don't pay them even one toea. They ought to pay us more than what they are trying to get from us. This is what I want everyone to understand.

When we got the court order here at the national court, it was a consent order. The consent order was that BHP will dredge the Ok Tedi River all the way down the Fly River and on to Kiwai Island. And not only that, they were supposed to pay compensation to our people.

What happened in the Parliament was that they passed that Ninth or Tenth Supplemental Agreement which gave them immunity from legal proceedings which nullified that court order and allowed BHP to escape scot free. And in order to be seen to have compensated for the problem they created for our people, PNGSDP was created but it has not redressed the damage done to our people. They have not dredged the river.

Mr Speaker, if they were to adhere to the court order they would have spent more than K2 billion to dredge the river and pay compensation to our people. That's why they don't deserve any compensation. They don't deserve to be paid one toea. We shouldn't worry about taking over of the Ok Tedi Mine without compensation and so I am quite embarrassed about some people who are defending the position of BHP.

Mr Speaker, I want to ask this question. Who was the Prime Minister at the time when that law was passed here in Parliament? We have to know this. Some people should be embarrassed and ashamed of the positions they are holding.

They should allow our people to take over PNGSDP, especially the people of Western Province so that the injustice and hardship that has befallen them can be redressed, and for the State to take over the mine so that we can use this as a model for the future.

Of course our people will continue to pay a price for mining, oil and gas, but we have to reduce the environmental cost and the social costs that are costing our people. We can do that and we can still make money and provide services for our people, but we had a regime and a type of agreement before that which ended up in this type of situation.

So Mr Speaker, the position that our directors and Sir Mekere are taking is not an honourable one. I agree with Sir Puka that Sir Mekere and all his directors should simply resign their positions with PNGSDP.

And then we need to change the Trust Deed because it is in favour of BHP. For no matter what we do, the law that we will take at the end of the day will lead us to the Trust Deed. Who drafted the Trust Deed? BHP their lawyers did it; we just signed it blindly and we are now paying the price for it.

Mr Speaker, these are thing that we don't want to say but it has come to a point that we have to say what we have to say and we have to do what we have to do. It has gone on for too long.

I'm not sure if Rex Dagi is still alive? I'm not sure if Gabia Gagarimabu is still alive? How long are they going to wait? They are the ones who took this matter to court. The State did not take it to court; no Prime Minister took it to court. No body was there for the landowners.

We are now trying to address this and these people are putting up a big fight, but what for? And for whom are they fighting for.

**25/02**

This has been going on for too long, Mr Speaker. Prime Minister, if there are other ways to short circuit it or if we have to pass legislation in that regard, let us pass it. Whatever we have to do, we have to do it because this is what our people deserve. This is what the people of Fly River have been fighting for so long. Mr Speaker, I am speaking from my experience while working with the landowners.

Mr Speaker, I am supporting the Prime Minister not because I am in the Government but it is the right thing to do. It is something that we have to allow to happen. As stated by Sir Puka, out of this problem, we can shake a new future because we want our people to benefit from mining, oil and gas.

Therefore, the Minister for Petroleum should bring an amendment to this Parliament regarding petroleum and gas laws so that we can get rid of the idea that should oil and gas be discovered, we have the property right, but that is crime against our own people. What sort of law is this? We have the LNG project and yet we have to buy shares again. You all know that

when we look after pigs we take ownership of it and will not accept a piece of bone given to us from the pigs we look after. This type of law is offensive.

Mr Speaker, we are not living in the past where we do not understand the world. We are confident enough to understand the world and be partners with the world. But we still have this type of laws in place that has been passed through this Parliament and through NEC. These policies are against our people; our future and the prosperity of our nation which are also passed here. So the Prime Minister is taking the right step now so we must support him.

Mr Speaker, if we have to do a compulsory appropriation we should just do it because the injustice to our people has been ongoing for too long. They have been suffering for too long. Simple people who took on a giant, the State was not there for them, but now the State is trying to redeem itself. So we have to do what we have to do. The position of BHP is morale boarding on fraud outward lie. Those supporting them and the board should hang their heads in shame. They should resign tomorrow.

If they cannot resign tomorrow, can the Prime Minister find some lawyers who will understand what needs to be done and let us pass a law tomorrow? Let us do some appropriation and cut short the agony of our people. We should not leave the people of Western Province in agony. They are not millionaires who can continue to wait because they have waited long enough.

Mr Speaker, I know their grievances because I was with them. This is one of the outcomes that I want to personally achieve by defeating the big fraud that was committed on our people. This is why I am supporting the Prime Minister. Just go ahead Prime Minister.

Mr Speaker, I urge the Prime Minister not to worry about the criticisms of other people. We know what we are doing and we also know that you are doing the right thing.

**Mr JOHN PUNDARI** (Kompam-Ambum – Minister for Environment and Conservation) – Thank you, Mr Speaker. Before I continue with the debate, I want to say thank you God for the wish and the understanding that you gave so that we could pray the way we did yesterday. I strongly believe that it brought a lot of peace and comfort and sincerity to the challenge that we have as leaders to serve our people.

I also thank the four representatives of the four regions. I listened to the prayers yesterday and it was from their heart and they presented us very well.

26/02

I sense forgiveness from God above and I know and believe from the bottom of my heart that we were somewhat blessed and we received that forgiveness that we asked for and it also challenges us to do the right thing for our country that we do not deliberately do the wrong thing.

Mr Speaker, here we are debating something that we may have deliberately done injustice to ourselves. If we had to go to OK Tedi today and build a tailings dam with all the damage and the pollution that is already there, I just wonder as Minister for Environment and Conservation, what will these tailings dam save? What difference will it make when the damage has already been done? The Fly River system is gone and the livelihood of our people who depend on it to survive has been lost. Do we have to build a dam today just to tell the world and ourselves that we are doing the right thing for ourselves and for our future generation?

Mr Speaker I just don't know what the tailings dam will do. I just don't know what it will save after all the damage we have done to ourselves in so far as the river system and the environment is concerned. The impact that is there already is a result of the mining activity and I don't know if a new tailings dam will save the environment.

Mr Speaker, it will take probably about 50 to 100 years for the environment to heal and rehabilitate itself and that is a long time. If BHP had compensated our people of Western Province, would that compensation be enough? Whether it be through tax revenue or dividend, should we have ended it all by demanding that BHP pay up the compensation and leave because OK Tedi mine will no longer operate.

To date, there is compensation for nothing. Why do we have to juggle ourselves and play petty to a major international organisation. It is embarrassing for us. The challenge by the Member for Kavieng and the Minister for Public to do the right thing going forward into the future is correct. I may have been one of those members present at Parliament at that time when we make wrong decisions.

Mr Speaker, the Office of the Prime Minister is a very powerful office it can influence Parliament and the decisions. We keep saying yes and we follow the majority and it is about time

each individual Member of Parliament be very careful about the decisions we make on the Floor of this Parliament and hopefully going into the future, we can start thinking and doing the right thing.

Praying yesterday was not just for the sake of it, Mr Speaker, there is a God that rules and reigns.

**27/02**

Mr Speaker, and if we are elected to serve then let us be those servants and let us start thinking and re-examining ourselves and start doing the right thing.

Mr Speaker, I don't think building a dam is the way forward for Ok Tedi. Minister for Environmental Conservation, we better do some cost analysis and let us see if we can build a dam going into the future now. The question is, what you are trying to save when the damage is already there. Maybe the cost of building the dam should be passed on as compensation to the people of Western Province as additional benefits.

Mr Speaker, the way our leader the Prime Minister has taken and provided this leadership to date as far as Ok Tedi and PNG Sustainable is concerned, Mr Speaker, my heart, my thoughts, my blood, my bones, my flesh and everything in it is in support of him.

Mr Speaker, you go to Ok Tedi, Western Province now and just look at the health and education services that are there. You look at how many people in the Western Province who are affected as a result of these Ok Tedi operations, a business men and women in their own rights. We talk about billions of kina stored away in some foreign account, yet we talk about a PNG Sustainable that is supposed to be improving the welfare and the livelihood of our people in Western Province. You go and measure out how much PNG Sustainable has done in the Western Province. It is laughable and yet on the Floor of this Parliament we stay and talk and think that some future generations will come and spend some billions of kina.

Mr Speaker, if the generation now in the Western Province is not better off, what is all this savings and what is all this PNG Sustainable? What are all these savings for that matter? We might as well spend that money to ensure that the welfare and the lives of our people in the Western Province are better off now. I firmly believe that if their lives are better off now the future generation will be well off.

Mr Speaker, when our people are dying there as a result of our neglect and we talk about so much savings out here and out there, I don't think there is enough justice for the people of Western Province.

Mr Speaker, we have got to do the right thing and what is the right thing has to be a conscience that you and I will have to live with going into the future and that conscience has to be a comfortable conscience.

Mr Speaker, I don't have anymore to say but thank you so much and I am happy that the Prime Minister is doing a lot of good things. Before I take my seat, I just want to say these last words. I just don't know why but when you do the right things, someone has got something to say and when you're doing the wrong thing everybody goes quiet. This is the right thing because when you do the right thing, you got these challenges that we just have to pull it together and get it through and the line. Thank you

**Mr KEN FAIRWEATHER** (Sumkar) – I have some knowledge of this whole Ok Tedi Saga. I was there when the environmental dam collapsed and it wasn't just the fault of the developer, it was also the fault of the government of the day. The developer in fact said that there would be a problem with the environment but you must remember that the nation was only six years old and the country needed the money too. Today we are talking about two different things here, we are talking about sustainable development and we are talking about the environmental damage at Ok Tedi. I bet I am a racist and in our racist term, SDP was always a stew.

**28/02**

It was always a rigged event. It was rigged to perpetuate the people who were involved in it at the time like Ross Ganaut. He hasn't been mentioned here today. So it went from one to another to another, but now it is coming back again.

No one in the business world at that time could understand why the money was offshore in Singapore when it could have been onshore.

Was it because they didn't trust the Central PNG Bank or trust the politicians not to get a hold of it? But at the same time it affected the exchange rate, interest rate and continues to do so.

So the PNG Sustainable Development Program has been no good from the start and it should be closed down.

Before the eminent peoples group tried to get a compromise I tried myself and I totally failed. I am glad they failed too.

*(Laughter in the Chamber)*

**Mr KEN FEAWEATHER** – But it has been a negative thing since day one. Even academics were against it. Everybody was against the principle of the deal because it was badly done. That is what we should be attacking here today in how to close that gap.

I am glad that the Prime Minister has had some wins on the scoreboard now. Good luck to him. Its been a hard fight and it will continue to be.

Mr Speaker, my political hero is Oliver Cromwell. He is my hero because he was the first one to say that Parliament was more supreme than anybody else. That is relevant in this case. He also chopped the head of the King and I thought that was pretty cool and when he got under pressure he went and beat up the Irish which I thought was even better.

*(Laughter in the Chamber)*

**Mr KEN FEAWEATHER** - Let me point a little warning on the environmental aspects of things. We heard very good debates today and I thought the Governor of NCD made it quite clear what he thought about BHP Billiton. But aren't we doing the same thing after owning it?

We really need to address the environmental issue from now as well. Its not just BHP Billiton as in the past.

We need to take stock of where we are at and unless we do that many of the arguments that have been used in this Parliament time and time again against the OK Tedi Mine, we will be just perpetuating the environmental, health and every other problems in the Western Province. We need to look at it clearly and precisely.

It is no good when all we are saying is blame BHP Billiton because later in history we here in the Ninth Parliament might well be blamed for not doing anything to.



Mr Speaker, till today, I still cannot understand why the US\$1.6 Billion has not come ashore as some form of compromise or compensation. Every other businessmen in this country wonders why all that money sits there and if we want to send K50 000 we have to go and fill all sorts of forms and it's not worth sending. But all that money just stays offshore. Not that I have K50 000. I have heard that though. I see the Minister for everything, Mr Ben Micah, laughing there.

I thought the Governor of Western Province was excellent in his speech. I haven't heard him before, he is very good.

**29/02**

As for Sir Puka, I have heard him so many times that I probably could have made his speech myself. There is one speech from a recently appointed front rower that I did not think was too good; in fact, I did not understand what he was talking about. If I was a coach, I would drag him off and put him on the bench for a while.

Mr Speaker, going back to OK Tedi there is a need to balance this. Are we hating sustainability today or are we hating BHP today because if we are hating BHP today then there are other things associated with it. I don't have any shares or vested interest in BHP but we really need to look at where we go from here with OK Tedi and the environment.

I liked the phrase by Sir Puka where he said, 'out of all the evil of it, it could come out as a decent model'. But they did have a reasonable model on Bougainville but that too was an environmental disaster.

At the same time we are still using tailings dam in other places while others just dump the mine wastes in the ocean and it is also happening in Madang. There has to be a point where we learn a lesson. The Minister for Environment was the one that issued the permits to the mine in Madang to dump the waste in the water. SPT was a stew from day one, it was a rigged up job so people would get paid and it went from one friendship to another.

I agree with Governor of NCD, Powes Parkop, when he questioned the construction of a wharf in Daru. He said, what were they building the wharf for in Daru, and I said to him what crosses there but, a few crocodiles and a couple of people on their way Australia. It is nonsense.

Closing down SDP has hurt some districts including mine. I have three projects in corporation with SPT, they are cocoa development, water supply for a hospital and the expansion of a health centre. My district has not been compensated by the Government and I think the Ministers for Treasury and Finance should look into that in the next five years. I am sure others in this House have faced similar situations.

**Mr BOKA KONDRA** (North Fly – Minister for Tourism, Arts and Culture) – Thank you, Mr Speaker.

Firstly, I would like to convey the many thanks of the people of North Fly and Western Province to the Prime Minister, Honourable Peter O'Neill, and this Government for making a very tough decision to tell the world that this Government is ready to make decisions for the benefit of the future generation, especially in areas where our natural resources are being exploited.

Mr Speaker, on the first day when I was declared the Member for North Fly I remember saying in my inaugural speech I that by the time I finish my political life, I will see Ok Tedi mine closed down and a new regime is a setup, which we must take over.

**30/02**

Mr Speaker, I am thankful that the time has come and that time was in 2013 when the Government made a decision to say good bye to BHP, the mother and PNGSDP as the daughter. And I made my statement through the media and I said this is the official divorce after over 30 years of marriage. Even though the people of Western Province have paid bride price to have BHP to be a wife but it has never performed. The only thing was to say bye to BHP.

The time and the decision was right and I want to commend this Government for doing the right thing for the people of Western Province and Papua New Guinea. When I led a group to enter the mine to have the mine shut, I was greeted with a barrel on my head and questioned whether to die or go to jail. And I said I was going to die as I was talking about creation that will not have voices to voice and given the dominance and the authority to rule and reign over my creation, what is called God's given providence.

When I walked in I said, why did you design and build a dam that was 80 per cent incomplete in 1979 and you built the dam and allowed to take fault because it has brought about disaster to the people of this province. I also told them that there was no development in the province and why had they burnt the master development plan of the province in Konedobu.

Mr Speaker, today, the Minister for Environment and Conservation rightly said there has been no development. In 2001, when we brought about a lot of concerns, there were allegations that people were dying silently and that there is not much benefit. Today, if you travel up the Fly River, there are many deformed children. I brought a media team from Japan who went to a village and found 17 deformed children.

When this information was published in 2009 in Japan, 13 million people were in tears. The Western Province population is decreasing as I speak because people are dying along the river. There are no health services and if you want to see for yourself, get to Daru and see what it is like.

When you walk into Kiunga hospital, you find young patients with urine problems because we have lots of metals in the blood system. The intellect of the children has declined. There is a big problem. And PNGSDP has talked about development but has not thought about development.

**31/02**

When we put them through Court in Melbourne, they quickly came up with this animal and said, let's create something and so they bring this development to the people of Western Province, but they have never done it. When I was interviewed by some youths by the NGOs and some people from outside world, they asked me, what do you call this development? I told them to record my name and to them that it is called, "Kirap Nogut Development." Where were you in the past and now you are trying to feed me with cheese pops?

I told them that these program that you are doing are all failed program. For example, the Daru Baramandi Hatchery. In fact, I have questioned the person responsible and told him that when I was a little boy, this river system was crystal blue where I could see Baramadi very clearly under the rocks and logs. However, today all the baramadis are gone while they are trying to raise little ones. I further asked, when are you going to take these baramandis up to my river

and up the mountains? I am very sorry that all these baramandis are gone. Some of them have gone to India. You cannot find baramandis everywhere because their breeding place is being destroyed by the mine. Their habitats are destroyed and they all died.

We are suffering and if you go to Kiunga, there are no fish but you will find only chicken. The children today cannot eat fish. If you talk about fish to them, they will tell you that they do not know what fish are and instead will call it snakes.

Mr Speaker, there are so many problems and there is so much political catastrophe. People are dying silently and we are decreasing in population. So, for PNG to say that the people of Western Province must SDP, this is false and it is not true. It does not belong to the people of Western Province.

Mr Speaker, I think today it is a right decision and I thank the Prime Minister and the Government of Papua New Guinea for recognising the people of Western Province.

Mr Speaker, in 2001, the World Bank announced that the environmental damage had gone beyond the World Health Organisation standards. So if you are to remain, you've got to pay 60 billion to 80 billion US dollars. As a result, they were scared because this law was passed by the Parliament that time and they left the country. We tried, however, to take them to court but because of this indemnity, we were unable to speak, we were unable to claim the compensation and were unable to take them to court because of the law called CMCA.

Mr Speaker, the Ninth Supplementary Agreement was the death warrant agreement or genocide agreement, which I call it. Therefore, when I pursued an allegation of indirect pollution, the scientists went and found out there were negligence. They thought about it and they saw it but they never made the decision to pay that river flows in from the West Papua into OK Tedi. They actually found that all the fishes are gone and we have not being paid compensation until today and that is the reason I was elected to Parliament to see if there is a loophole in Parliament.

Mr Speaker, after the Government has taken over, I do not want to see any pyrite into the river system apart from metals like copper, zinc and silver, et cetera.

Pyrite is the most dangerous metal that is killing the people of Western Province because once it is dumped into the river system, it is exposed to the air and water once oxidation takes place. When oxidation occurs, the yellowish colour like gold or yellow is visible. If you are

walking along the side of Fly River system and sniffs this, you will have an internal bleeding. I want no more pyrite into the river system if the mine is to continue.

We've got to find ways and better medication options for environmental pollution.

32/02

We need to do it as dredges are not working in Kiunga and I do not believe that was an option to save the people of Western Province.

The waste that is being thrown is almost well over 80 000 tons of tailings out of the mill into the river system per day and 121 000 tons from work out of mining systems today. Its moving 11 metres every year towards the Fly River but some years later, the Fly River systems will be called a desert where plane will land and vehicles move well if mine closes by this year.

Mr Speaker, it will take 999 years before recovery, so this is clear ecological catastrophe. This is clear genocide because we are dying and I have got a lot of mercury, cyanide, cadmium and et cetera poisoning and I might die after talking today.

I wanted to take students to New Zealand but it took me two to three weeks because every child had metal poisoning, and their bodies had to be neutralised before going to New Zealand. Therefore, all the children and the people of Western Province are chemically affected. If this happened in Western Province then it can also happen in any other part of Papua New Guinea where you have mines.

You might say that there is no pollution going into the river system but that is not true. This is because you may take the solid metals out and dump them somewhere but the suspended sediment will always get into river systems causing destruction to the ecological systems. That was what happened to the Fly River system. Apart from that, when cyanide reaches the sea it will then start to melt all the reefs and these are the problems that we are having in Western Province.

Mr Speaker, I would like to just leave this thought for us to think about. Enough is enough and we just get rid of PNGSDP and BHP Billiton. This is because when I ask them to send our people overseas for training they say no because they are afraid that when we get educated and knowledgeable then the people would hold them accountable for their actions. And

because of this, they just send us to workshops to become tool boys in the Ok Tedi Mine pit, and that must stop.

We must educate people about the very complex structures that these multi-national corporations have. Otherwise, we cannot understand and everybody will be like the people of Western Province as we do not understand. My people were trained to talk about agreement, negotiation, signature, compensation and 'paitim kundu', but the underlying laws make them to drink the blood of the people. We did not understand until I came to Parliament and I understood about what was happening.

Therefore, this is a good lesson for the people of Papua New Guinea and I am very proud that this government can see what has gone wrong. It is therefore time to take this measure and correct it. And I believe that we learn from the experiences from Ok Tedi, Bougainville and do better with the other mines that are coming up. Nevertheless, I believe that environmentally and socially there are implications and big impacts. Therefore, think carefully about such things.

Last week I was rung up and told that a road was being built from this place to that place in my electorate. I was not made aware that they were building this and that so I said stop all these work. Why? Well, I said that, it was because there was no proper consultation and that was what was happening with all those PNGSDP. Therefore, when the provincial, district and local level governments are doing something they will also go and do another thing in order to defeat the purpose.

Therefore, full consultative processes must take place because there is no proper consultation being carried out. I also want to see the local people fully participate in all these new entities that going to take place because in the past my people always go to Ok Tedi only to be told that they are unskilled, untrained, uneducated and et cetera.

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So, that national content must be included. On the restructure of PNGSDP, as my Governor said, we want fair representation. We have voices to speak and minds to fathom too so give us an opportunity to speak on the PNGSDP Board or whatever structure that is going to be put in place.

So, once again, Prime Minister, the people of Western Province are with you, and we will stand together until this fight is over.

Once again, honourable Members and Ministers of this Parliament, I want to commend you all for standing together with our Prime Minister to make sure that Ok Tedi becomes a model for this nation that other mines can follow.

So, congratulations. We have done it, it is a decision that we have made for our future generations and I believe other mines will follow suit.

With that, once again, thank you very much everybody.

**Mr JOE KOMUN KOIM** (Angalimp-South Wahgi) – Mr Speaker, I would like to take this opportunity to contribute to this debate on this very important issue of one of this very big mines here in Papua New Guinea.

Firstly, I would like to thank the Prime Minister for taking the bull by the horn. You know, fighting against BHP and other world giant companies is difficult but, as a country united, I think we are all behind you. Prime Minister, you can go ahead.

I would also like to take this time to acknowledge the plight of the landowners. Just by hearing from the horse's mouth, someone from the affected area, the Minister for Tourism expressing these sentiments I felt that I do not want to be one of those people.

If there was a mine in my electorate in Angalimp-South Wahgi, or if there were some discoveries I would say no.

I think from all the good debates; from all that we have said here, it just points to one thing, either we are careless, overlooked or compromised by the profit orientated companies.

I believe as leaders who are mandated in this country we need to make a stand. We only have seven million people in this country. There are countries with a lot more people who do not have resources like we do.

One country that I can name in Africa is Ethiopia. I was there as a representative of the ACP Union and I learned that there are thirty million people in that country. They have no mines but they have agriculture and cottage industries, their economy is growing at a rate of 12.6 per cent.

So, I think Papua New Guinean leaders need to really take a good look because God blessed this country so much. We have all the resources and the most beautiful of weather in the whole world. I can say and boast that we need to thank God because this is paradise on earth.

We've travelled the world and we've seen that there's no other place like Papua New Guinea. We've got beautiful valleys, we got beautiful fertile land and there is no contamination. All our food are organically grown and we are eating the best food, breathing the best air so why should we compromise and trade our healthy lifestyle with contamination and death? Is there any other reason other than money?

We know that the mine up at Goilala District has caused serious environmental damage and our people are suffering over there as we have all heard. We also know that from Porgera there have been complaints about contamination down at the Strickland River.

How far can we go on? Do we have to let this thing go and then fix it when we come to this Parliament? I don't think so. I think we need to do this first because prevention is better than cure.

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If we have to stop and take stock of some of the mines that we have to go through, I will take this time to ask the Minister for Mining to take stock of all the mines in Papua New Guinea. We should put a moratorium on all the mines and take stock of what we have. If we are framing our budget against the revenue from the mine then we should re-look at that too. We should look at using some of the money coming from the LNG projects and find sustainable ways of supporting our budget rather than focusing on mining resources.

After hearing from the Minister for Tourism, my heart is burdened because our simple people cannot go against BHP. I think the people of Papua New Guinea have mandated us to make decisions for the betterment of our people. So let us not compromise with money. There are so many ways of raising money in this country instead of focusing on mining alone.

If there are things that we do not have control over, let us park that aside until we have the best available technology to prevent this catastrophe then we can go back and touch them later. But right now, I think we are still a developing country and we need to really take stock of all these mining resources in Papua New Guinea.



As a Member of Parliament I feel shame because I come here to make a decision without knowing the consequence of it, and later I realize that my people are suffering there.

Mr Speaker, our people can survive without money because I have not heard any Papua New Guinean dying of hunger. Has anyone died of hungry here in Papua New Guinea?

Mr Speaker, we have so many ways of making money so we must refocus our attention away from the mining resources and try and look at other avenues to sustain ourselves.

I believe, if we look after the small things that we already have then we will have time to look at future developments with best practices information and technology. So I am expressing my frustration here and as leaders we need to look into the most needed areas.

Motion (by **Mr Ben Micah**) agreed to –

That the question be now put.

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 3.30 p.m..