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LEE SIROTE
Acting Principal Parliamentary Reporter

THIRD DAY

Thursday 23 October 2014

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THIRD DAY

Thursday 23 October 2014

The Speaker, (**Mr Theo Zurenuoc**) took the Chair at 10.00 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 took the Chair at 10.30 a.m., and invited the Member for Rabaul, **Dr Allan Marat** to say Prayers:

‘For your prompting in us this morning and as a part of our daily program this morning we thank you Holy Spirit. We come to you triune God through Jesus Christ forgiveness and cleansing this morning. Sovereign God you have declared that you search the heart and you examine the mind of any person according to his conduct that deserves reward. This morning as leaders of your people we stand before you throughout this nation, we pray of God that you look into every heart and ensure that as we deliberate on issues affecting this nation you will cause us to think of your people and to say things that are truthful and pleases you oh God. This is our prayer and we commit the rest of the proceedings today into your hands. In Jesus most precious name we pray. Amen.’

PRESENCE OF STUDENTS – STATEMENT BY MR SPEAKER –

Mr SPEAKER – Honourable Members I have to inform Parliament of the presence of school students and their teachers with us this morning in the Public Gallery. There are two grade 7 classes from Deboismenu Primary School from Bereina in the Kairuku/Hiri Electorate. They are here to observe Parliament and understand our democracy and the Government system. On behalf of the Ministers and Members of Parliament I welcome them to our Parliament this morning.

QUESTIONS

Dr ALLAN MARAT – Mr Speaker, I direct my questions to the Treasurer. Yesterday, I received a phone call from a long standing businessman in this country for many years who asked me the question whether this country was bankrupt. I responded that I am not sure.

Mr Speaker, noting the constant dropping of the Kina exchange rate inspite of the LNG export and other export and the difficulty to transmit funds by some Papua New Guineans to overseas relatives, especially students who are now facing difficulties receiving funds.

Some authors are also warning this country of a tough year next year and also observers stating that Papua New Guinea is heading for a financial crisis.

02/03

Some authors are also warning this country of a tough year next year and also observers stating that Papua New Guinea is heading for a financial crisis.

Mr Speaker, APEC has also warned about global recovery being very risky and I am sure our citizens need some assurance from the Government.

(1) Has the Government risked this country by borrowing heavily against future earning?

(2) Can the Treasurer deny or admit that foreign reserves in the Central Bank are depleted and not replenished? Because the much talked about LNG proceeds are kept in accounts overseas.

(3) What positives for the economy of Papua New Guinea has the Treasurer gleaned from the economies of our major trading partners so that we do not suffer for the next 20 years?

Mr PATRICK PRUAITCH – Mr Speaker, I thank the Honourable Member for Rabaul for his series of questions regarding the economy.

Mr Speaker, there are risks in managing economies around the world however there is a recovery but the process is slow. The challenge for us as a country is to ensure that we manage our economy in relation to some of the measures we have put in place particularly the *Fiscal Responsibility Act*, Medium Term Development Strategy and Medium Term Management Strategy consistent with our Vision 2050.

Mr Speaker, in terms of risk associated with the Government borrowing heavily, our strategies are outlined and what we borrow has to be consistent and the O'Neill – Dion Government is adamant that if we borrow it is for investment that will assist the country creating jobs and growing the economy.

The O'Neill – Dion Government is clear and on track and it is focused not on compromising future revenue of our country.

Mr Speaker, in regards to our citizens having difficulty in sending funds overseas, you will realize that the construction phase of the LNG Project has come to an end and at the same time our commodity prices particularly oil is not performed well across the country. So in terms of foreign exchange coming into the country its demand and supply issue. It is not as much as we would anticipate and if you book foreign currency into the country you have to be subject to the supply. If you book and not enough foreign currency you will have to join a long queue and wait until it is readily available.

Mr Speaker, foreign currency coming into the country is not as much as what we use to experience during the construction phase of the LNG Project.

03/03

Mr Speaker, in regard to the standing of our country's economy, I have just returned from the World Bank annual meeting and Papua New Guinea's economy is progressing and receiving favourable assessment from the world. We are prudent in terms of economic management. There are some authors out there who would like to think that our economy is going to be under performing, but let me assure this Parliament and the people of this country that our economy is tracking as per our focus as captured in the 2014 Budget. If there are issues associated with how we are raising the revenue, the Government is in full control of managing our economy.

Mr ARTI WOBIRO – Mr Speaker, I direct my questions to the Minister for Defence and I would like the Deputy Prime Minister and Minister for Provincial Affairs to take note but he is not in the Chamber.

Mr Speaker, currently we have 22 soldiers based on Wiam on the border of Western Province and the Papua Province of Indonesia and four of those soldiers are based on Daru Island.

These soldiers are part of the fourth batch of soldiers engaged in protecting our border region in that part of the country.

Mr Speaker, while the soldiers have been faithfully serving their terms in the border areas but the support systems and its processes have failed them miserably. Constantly, these soldiers not only the current ones but the previous batch have experienced food shortage and simple things like fuel for their dinghies.

Mr Speaker, I understand that recently the Department of Defence had decreased the allowance of these soldiers serving on the border.

Mr Speaker, my Government has continued to provide logistic support for these soldiers since the first batch was posted in Wiam. We have provided food supply, fuel and my provincial Government had even purchased a Toyota Land cruiser open-back. Mr Speaker, my Government is committed to supporting our soldiers.

Mr Speaker, I am aggrieved that the Government Departments that are responsible for these soldiers and our borders, have not performed too well in providing support and care for our hard working soldiers who are ordinary citizens of our country.

My questions are as follows:

(1) Can the Minister inform this Parliament what backup system the PNG Defence Force have in place to support soldiers serving in the Western Province particularly in Wiam?

(2) Can the Minister assure this Parliament that sufficient funds will be set aside in 2015 Budget for a more permanent base in Wiam and a more reliable support system for the soldiers protecting our international border?

Mr Speaker, if you read in the Papers this week there are a lot of problems in the Border especially, in the Western Province, the PNG – Indonesia Border and the PNG –Australia Border.

Mr Speaker, I am pleading with relevant central agencies to support our soldiers so that they can effectively carryout their work.

Dr FABIAN POK – Mr Speaker, I thank the Western Province Governor for those very important questions. I also take this opportunity to thank the Governor for his continuous support for the Soldiers at Wiam and Arap and other areas within the border of our country and Indonesia.

04/03

Mr Speaker, since I became the Defence Minister two years ago, but the Department really has a unique system one of the biggest problems is that it has two heads in the same department. It has the Commander of the Defence Force and the Secretary of the PNG Defence Force. The Financial delegation rests with the Secretary of the Defence Force while the Commander can only request. If their priorities are different then soldiers do suffer at times. That is why I call on the leaders of this Parliament to review the whole Defence Force system.

Mr Speaker, from my observation, I have come to realize that the Secretary has more powers than the Commander because he is the financial delegate and he is responsible for the financial matters within the Force.

Mr Speaker, we have to review it and look at how the Police Force system works where we have a Commissioner who is totally responsible for the financial management of the Department. This is not only happening in Wiam but it is happening in many other areas where the Defence Force are going on Patrols. If the Department of Defence says that the priority is different than they might as well just suffer. I received complaints everywhere. I am not overseeing the recurrent expenditure of the Defence Force but the thing is these are expenditures that are budgeted for. It is an item that is budgeted for annually we are not supposed to face these problems but we are facing them because the person controlling the finance is completely different from the person who is looking after the administrative matters of the Defence Force. We need a total overhaul of the system in order to make it work effectively. Even when it comes to fuel or maintenance, the Commander has to request to the Secretary and depending on the availability of funds, the Secretary then approves or declines the request but if the priorities are different then some of these things don't work. This is a system that we have borrowed from Australia or England but it is not working and that is the biggest problem the Defence Force is facing at the moment. The Commander and the troops can only request and the Secretary of the Department of Defence determines whether the funds are released. I have been to many of the provinces and the soldiers keep saying the same things.

Recently, when I was in Lae, some soldiers complained to me that they were thrown out of their hotel five times because of non-payment. I don't understand because these are recurrent expenditures; activities that are planned for every year and is not supposed to be a problem. I am not there so I don't manage the affairs on a

daily basis but I see it is a problem because we have two heads and that is; one runs the Defence Force and one controls the finance. And if the Secretary says there is no money then the force suffers. I have to look at the *Defence Act* to see how we can change that to be like the Police Force where the Commissioner looks after both the finance and controls the troops because he will know how to handle the situation.

I can assure the Governor and all those who are facing similar problems that as I have said, it is a budgeted item and it is budgeted for so I will write to the Secretary to find out why these things are not happening and get back to you.

05/03

I want to place on record that I would like to thank the governors and Members who are continuously helping the Defence Force in many parts of the country where they are stationed to help develop this nation and protect our borders. I would sincerely like to thank you for your help in supporting our Defence Force and our country.

Supplementary Question

Mr JOE SUNGI – My supplementary questions are directed to the Defence Minister. I think the responsibility of the Defence Force to see that our pride is restored is already a concern to the public.

Mr Speaker, I would like to ask the Minister whether there are some kind of command and control in our barracks. When you go into Murray Barracks right now, it is like another shopping mall fence which is an eyesore.

In the past, these Defence Force Barracks were all restricted areas. In other countries, such barracks are highly protected. But here you will see that anyone can go into the barracks and the fence does not look like it is holding an army establishment.

Mr Speaker, the Minister for Defence has a lot to do in terms of providing the direction down to the command and control. Right now, we know that their single quarters are occupied by married people.

I think the policy in the past was that soldiers are not to be married before they have served six years, and if they do, they must keep their families outside while they reside in the barracks.

Mr Speaker, I have a son who is a soldier but he cannot live there because married soldiers are living in the single quarters.

(1) So, where is the pride of this Defence Force that we know of?

(2) Can we restore it again?

(3) Can we get the Minister to take action rather than passing the buck?

(4) We know that this is a disciplined force and when the commander gives a command, it should be taken right down so, why is it that families are living in single barracks?

Also the barracks itself does not look like a barracks, it is open to the public and anyone can go in and out.

Mr FABIAN POK – Thank you, Mr Speaker, and I thank the Member for Nuku for his questions.

Like any other organisation, we've left Defence to deplete over the so many years because of lack of funding. That is why you will see many institutions including the Defence Force in that state.

But I will take this opportunity to thank the Prime Minister for his intervention and his allocation of K30 million every year since my appointment as Minister and through will see that we are sealing the roads in places like Murray Barracks and Taurama Barracks.

We are now going through the 'Kappa Programmes' where all the roofing irons are being replaced and command and control can only come when the soldiers are happy. Soldiers are happy when they have proper uniforms, proper houses to live in and so on.

Currently, the tender process has been completed and in a few days, we will be supplying to every Defence Force households in Papua New Guinea one new fridge, one new stove and one new washing machine.

This has never happened for the last 30 years but because of this Government, we are achieving this.

If you go to Murray Barracks and Taurama Barracks, you will see that all the roads are sealed and we are now looking at the Goldie River Training Depot where we are doing the 'Kappa Programme' is in progress; all the old roofing irons are being replaced by new iron roofs. This is because of the money that is going into the Defence Force.

And we are hoping that there will be some more money put in for maintenance programmes so that we will maintain all the houses and barracks throughout Papua New Guinea.

06/03

Once proper accommodation is provided for the families and with proper uniforms, discipline will return and we intend to do that.

We have a young vibrant Commander and I believe that we can change the Defence Force around. I am there to ensure that this happens and I would like to place on record and thank the O'Neill-Dion Government that for the first time, the Government allocated huge funds for maintenance programs. Having been depleted for over 30 years, we are now slowly but surely working on these programs to improve housing, roads and uniforms.

I want to inform this Parliament that we are looking at setting up a clothing system where soldiers will be given allowances so that the uniform system of ad hoc basis will be a something of the past. There will be a regular system where soldiers will be kitted and if they run out, there will be a shop for them to get new supplies through their allowances. If they use up their allowance, they can purchase it themselves. We hope that this system will be replicated by the Police Force and the CIS so that there is a proper system in place to cater for their uniform needs. These are the things we are doing at the moment and once we complete these programs, I believe discipline will return.

I am hoping that in this year's budget, we will allocate some money for maintenance of all barracks including single and married quarters. I want to announce here that we are trying to recruit 5000 men and women by 2017. Our recruitment and training program is happening every six months and I am always there to see it, and I have become like a military officer myself. By 2017, we should have near 5000 personnel and I will also announce here that for the first time after 11 years, we have started the Defence Force Officer Cadet program.

Mr SPEAKER – Honourable Minister the Chair will interrupt you. You have finished answering the question but you are still carrying on.

Mr FABIAN POK – I will finish shortly now.

And for the first time in the history of Papua New Guinea, two female officers have graduated on their own record and this is the courtesy of O'Neill-Dion Government after 11 years.

Mr HAVILA KAVO – Thank you Mr Speaker, for recognising the Gulf people and I would like to ask a very nice question to the Prime Minister.

The O'Neill-Dion Government has done very well.

Mr SPEAKER – Governor, let me interrupt you, I must remind all the honourable Members to be mindful of time and to ensure that your questions are specific and also the Ministers when responding, please ensure that your answers are to the point as that will allow for many questions as possible because it is question time.

Mr HAVILA KAVO – Thankyou Mr Speaker, it is taken note of and I don't ask very long questions.

The O'Neill-Dion Government have done very well in infrastructure development right across the country and one of the most outstanding development is the road network system. It is very important because economic activities can become more realised in the country.

The National Executive Council last year made a decision to develop a third international port in Gulf province and a major highway running from Southern Highlands down into Gulf linking up Port Moresby.

Can that be funded in the 2015 budget?

Mr PETER O'NEILL – Thank you Mr Speaker. I thank the honourable Governor for Gulf for this important question.

Mr Speaker, I know that the Governor believes in infrastructure because we are doing a lot of work in Gulf Province. There has been continuous work done on the road from Malalaua to Kerema and the sealing program is going on. The Department of Works has given a contract to a contractor who is doing an excellent job and we are now going to complete the last 15 kilometres to Kerema town.

07/03

Which means that for the first after many years the road starting from Port Moresby to Kerema will be sealed. We are also assisting the Governor to rebuild Kerema town again; the contractor is maintaining the drainages within the vicinity of the town area in preparation for resealing of the roads.

Mr Speaker, in terms of the road network in Gulf; the Gulf to Southern Highlands Highway now is near its completion and last 20 to 30 kilometers yet to go. And it has reached Kikori to Semberiki in the Southern Highlands Province already and we are now working with Oil Search under a Tax Credit Scheme to complete the last 30 kilometers from Semberiki to Erave. Which means that for the first time we can drive from Lae all the way to Kikori, and as part of ongoing development the long term plan is to build a permanent port in the Gulf Province; feasibility studies done in the Paiya inlet area upon the recommendation from experts in ports authority. Meanwhile, there is a small port at Kopi and we will ask Oil Search for private users so that other trading companies and public can use the facilities there as well.

Mr Speaker, I am very confident that before 2017 election, that portion of the road between Semberiki and Erave will be complete; and through ADB program on the other side connecting the Highlands Highway the roads has been sealed from Kisinepoi turnoff in the Highlands Highway to Ialibu already, and from Ialibu to Kagua the sealing program has been awarded to a contractor and it will be build halfway between Ialibu and Kagua. And that program will continue onto Kagua to Erave and onto Semberiki, while waiting for the other side of the road the sealing and upgrading the roads from the Highlands Highway down towards the Gulf Province as well.

Mr Speaker, as part of our commitment to infrastructure rebuilding all throughout the country especially in Highlands Highway, Ramu to Madang roads which a lot of work has been done by AusAID and we are working closely with them for funding of the roads as well. And the ongoing work in the Sepik Highway and many other parts of the country.

This Governments priority is rebuilding of infrastructure and we want to invest more in 2015, and our people and country should not be shy of investing in infrastructure; it serves our communities, delivery of Government services, serves to develop and grow the economy of our country; allows small and medium enterprises

to prosper. I thank the Governor, the people of Gulf will continue to work closely with our Government to building more infrastructure in that area.

Finally, the road from Kerema to Kaintiba road is progressing well and the contractor has reached the upgrading of that road all the way to Kaintiba and hoping that it will linkup with Menyamya. And on the other side of Menyamya, we have done 60 kilometres from Bulolo to Asiki, I have recently visited Menyamya and we are going to upgrade last remaining 30 kilometres from Asiki to Menyamya and hopefully we can link that side of the road.

Mr Speaker, we are connecting the forgotten in the country for the first time and we will do so.

Mr JIM KAS – Mr Speaker, I wont take much time. I want to direct my question to the Minister for Fisheries and Marine Resources. The review of the RD Tuna canning and RD Fishing agreement will expire on the 31st of December 2014, we have only 11 weeks left.

(1) When will the reviewed agreement be signed?

Mr MAO ZEMING – Mr Speaker, I thank the Governor for Madang for his question in relation to the first fish cannery to be established in this country.

08/03

The Governor is correct in saying there will be a review on the agreement and I want to inform Parliament. The National Fisheries Authority is now in the process of reviewing all the agreements due to the yellow flag that we received from European Union some time ago.

This has led to some delay but I have spoken to NFA and asked them to have individual meetings with the investors especially, those in the processing sector, responsible for producing tinned fish in the country.

This dialogue process has begun and to answer the question, I would say that we will meet with RD Tuna soon. However, I want to inform the nation that fish is one of our natural renewable resources and the NFA is now has a Tuna Management plan in place, ready for approval. And this is done in order to sustain the livelihood of this fish stock for our future generation.

The plan is a guideline to sustain the fisheries industry in the future and we are looking at having one hundred per cent processing of fish done here in the country. We are seriously looking at export strategies and others to gain investor confidence before we move on to the rest of the issues mentioned.

We will meet with individual companies and review the agreements and gauge whether they are performing on par with the Provincial and National Government's set standards or not.

Supplementary Question

Mr POWES PARKOP – My supplementary questions are:

(1) Are you referring to the tuna stocks in Lae and Madang or in Bismark Sea, in the New Guinea Islands region?

(2) When will there be a cannery built in the NGI region?

(3) And if the cannery is built, will they benefit in terms of royalties being paid?

Mr MAO ZEMING – Thank you Mr Speaker and the Governor for NCD for his questions. To build a cannery in the country is a business decision made by the companies based on their own assessments of the environment in which they want to conduct their business.

The companies decide on the location based on their own criteria and the Government has no influence over it. And I want to assure the Governor that an agreement has been reached for a cannery to be built soon on Manus.

I want to assure the Governor that NFA has paid some form of dividends in the last three years back to the government.

09/03

The Governor for NCD has received K10 million from this dividend already then you must know that National Fisheries Authority is operating very well and we must all show our support and work together.

Thank you Mr Speaker.

Supplementary Question

Sir MICHEAL SOMARE – In Wewak we have a Tuna Plant too. Mr Speaker, I would like to ask the Minister for Fisheries while they are reviewing the agreement;

(1) When will the tuna operation in Wewak commence the process of loinning? Loinning is the flesh of the fish which is cut and sent away to the other countries.

We are the biggest supplier and the question of the Governor is regarding Tuna fish coming from the Bismarck Sea and not from the South and we have a cannery too, I am trying to ask when you will give the approval to have tuna loinning in East Sepik.

Mr SPEAKER – Honourable Governor for East Sepik, I must remind you to address the Chair at all times.

Sir MICHEAL SOMARE – Sorry Mr Speaker, my apologies

(Laughter in the Chambers)

Mr SPEAKER – Now the Chair has taken note for your supplementary question and I will ask the Honourable Minister to answer your questions

Mr MAO ZEMING – Mr Speaker, I would like to say thank you to the Grand Chief and Father of the Nation for asking this good question.

Yes, we do have a cannery in Wewak, which we have not forgotten. He is talking about the fish and it not only come from Bismarck, it comes from all the other parts of the country but I will say that there is what they call the ‘Law of the Sea’, meaning that the fish come from everywhere and it is hard to tell which fish is from which area.

The Members are asking, we are from this particular area and the fish is also coming from there so are we going to get some royalties? But the law of the sea says that the National Government is the owner of all of these.

So, I want to make it clear to you all that if it is your physical area then you must tell us when you tagged it and how you can tell because it is really hard to do so.

Thank you, Mr Speaker.

(Laughter in the Chamber)

Sir Micheal Somare – Point of Order! Nawae electorate is also part of the Bismarck Sea.

I am just asking when I will see some of our dividend from the Tuna Processing Plant in East Sepik which is also part of the Bismarck Sea. Thank you.

Mr MAO ZEMING – I thank the Governor again for his good question. I think it is very clear that all the companies that come and operate pay tax.

So, in the Fisheries sector everybody pays tax and there are spin-off benefits and the local contractors are engaged.

The shortest answer I can give is that the tax has been already charged and the government is enjoying all the benefit but we need to guide the National Fisheries Authority on how this sector can grow in the future.

We must make sure that we have conservation measures in place to conserve these resources so that our future generation can enjoy it too.

In relation to the specific question about the fish coming from the Bismarck Sea, Bismarck Sea is in Papua New Guinea so we must think properly before we ask our question.

Thank you, Mr Speaker.

Mr WILLIAM POWI – My question is directed to the Minister for Lands in relation to land acquisition whether through the proper process or improper process of State Land.

10/03

If the government does not intervene in a meaningful way in stopping the acquisition of State land which is happening at an alarming rate, all the State land would be gone in a short period of time.

Therefore, my questions are:

(1) Is the Minister and his Department considering putting together an interim moratorium with the view of taking stock of all the State land we have?

This is so that we can know what developments have taken place so far on the State land and have the findings publicized.

(2) Can the Department inform Papua New Guineans about the processes to acquire State land?

Mr Speaker, the people of Papua New Guinea need to know because right now, as we speak, this issue faced by the government is alarming. For the interest of this country, we need to make this process clear, and what the status of State-owned land we are looking at, and who is acquiring it with what interest.

Thank you, Mr Speaker.

Mr BENNY ALLAN – I would like to thank the Governor of Southern Highlands for asking his important questions.

Mr Speaker, before I answer the questions, let me just quickly give the status of land ownership issue regarding ATS, which was raised by the Member for Moresby North-East.

Regarding the portions that I have mentioned yesterday at ATS; portions 693 to 698 all have a title to it. These are individuals and companies who have applied and have titles to them. Leases were given starting from 1964 to 2008, so all those portions at ATS have titles.

Therefore, people are illegally squatting on those portions. However, looking at the time the titles were issued, the title holders took a very long time to have those portions developed. Nevertheless, we will look at the issuance of these titles and look at the covenants for each of those portions. For example, if you were given a title over a UDL then the UDL lease with the covenant will specify that you have to develop your portion within five years. If the title holder does not comply, then the portion automatically returns to the State.

Therefore, we will look into some of those covenants and then make decisions on what we should do. This will assist our people who have already been residing on those portions.

The other issue which I raised was that, the *Land Review Act* we are currently undertaking now, no applications will be received from foreigners and foreign owned companies. That in itself does not mean that foreigners will not do any business in

Papua New Guinea but that, we will only allow Papua New Guineans to apply for State-owned land. This means that foreigners can only sub-lease from Papua New Guineans.

Coming back to the questions, we have been requested by NEC and the Prime Minister to take all stock of all UDLs in the country. Therefore, as of September last month, I have given directions to my Secretary to do a stock take on all UDLs in NCD and in Morobe Province. As soon as the stock take is completed, we will have a report advising us on how much State land we have remaining.

UDL stands for Urban Development List.

11/03

There are big portions of State Land which the companies have applied to do subdivisions and sell them to individuals. So that is currently in progress.

The other thing that we have undertaken at the request of NEC through the Prime Minister is that we were asked to collect all the outstanding land rentals. In September, you would have noticed in the two national newspapers; *Post Courier* and *The National* that the Department has put out advertisements advising all those clients who have outstanding land rentals. If any of those clients have received this notice from the Department, it is simply informing them that they will not do anymore improvement after they have received this notice. We will have investigate and see whether they have been holding on to the land for more than five years without paying land rentals. If so, we will use the provision in the *Land Act* to forfeit their land title so that it can be made available to other Papua New Guineans to develop it.

Mr Speaker, the Governor has raised a very important question which the Department is also looking at putting out a monitorium to all the new leases. We had a Land Board meeting this year in April where we have looked at all the new applications for 2013 and 2014 and we will be having another Land Board meeting in November where we will be looking at all the applications for 2014.

While the stock takers are screening all the new land deals, we will put a halt to further Land Board meetings until we sort out all the new land deals in Lae and NCD. So, the issue that the Governor has raised is already being looked at by the Department to do a stock take on all the State land before the Land Board to deliberate on any other new applications.

MOTION BY LEAVE

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

Leave granted.

SUSPENSION OF STANDING ORDERS – REARRANGEMENT OF BUSINESS

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

That so much of the *Standing Orders* be suspended as would prevent Notice No. 169 of Government Business being called on forthwith.

INCOME TAX (AMENDMENT) BILL 2014

First Reading

Bill presented by **Mr Justin Tkachenko** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr JUSTIN TKACHENKO (Moresby South – Minister for Sports, Pacific Games and National Events) – I move –

That the Bill be now read a second time.

Mr Speaker, this Income Tax (Amendment) Bill 2014 is there to assist the Pacific Games in its fundraising exercises for the enhancement of sports in Papua New Guinea especially for the 2015 South Pacific Games. This Income Tax (Amendment) Bill 2014 will help companies and individuals have 150 per cent tax

deduction on their contribution to the Pacific Games and the Pacific Games Authority to run its events.

12/03

Second Reading

Leave granted to move the second reading forthwith.

Mr JUSTIN TKACHENKO (Moresby South –Minister for Sports) – I move

—

That the Bill be now read a second time

Mr Speaker, this *Income Tax Amendment Bill 2014* is there to assist the Pacific Games and its fundraising exercises for the enhancement of sports in Papua New Guinea especially, for the 2015 Pacific Games. This income Tax Amendment Bill is to help companies and individuals in getting a 150 per cent tax reduction on their contribution to the Pacific Games and the Pacific Games Authority to run this event. It includes gifts and donations to allow Pacific Games to raise much needed funds which will relieve the burden of the National Government in this area. We claim to raise K60 million out of this Income Tax Amendment Bill through the 150 per cent tax reduction to allow companies to contribute and participate in the Pacific Games at a much higher level and use this for the benefit of the successful games for 2015.

Sir Julius Chan – Point of Order! The Minister is empowered under his appointment to introduce a tax bill and I thought that would be the domain of the Minister for Treasury. Before we move on the actual Bill, should there not be a message from the Governor-General because it involves so much money? I just simply want to seek a clarification. This is not a matter that should be left to an individual Minister; there is only one responsible Minister of Treasury of Finance empowered under his appointment by the Prime Minister.

Mr SPEAKER – Thank you honourable Governor. I have sought clearance from the Clerk. We have been advised that the Minister for Treasury has endorsed the Minister for Sports to take carriage of this particular Bill.

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

That the question be now put

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

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith

Motion (by **Mr James Marape**) proposed –

That the Bill be now read a third time.

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

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

Bill read a third time.

13/03

PAPUA NEW GUINEA CUSTOMS SERVICE ANNUAL REPORT, 2013 – PAPER AND STATEMENT – MOTION TO TAKE NOTE OF PAPER

Mr PATRICK PRUAITCH (Aitape-Lumi – Minister for Treasury) – I present to Parliament the Papua New Guinea Customs Service Annual Report, 2013.

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

Leave granted.

Mr Speaker, Papua New Guinea Customs is relatively a new agency having demerged from the Internal Revenue Commission (IRC) in 2010. The 2013 Annual Report marks its fourth year of successful evolvement as a separate government agency. Similar reports have also been produced for the other last three years (2010, 2011 & 2012).

Papua New Guinea Customs is mandated under the Customs Act to perform the strategic roles of border protection, trade facilitation and revenue collection. Institutional capacity building and good governance also form integral part of its roles in ensuring the strategic roles are performed with exemplary results.

These roles have been performed under the guidance of Customs Service Plan 2013- 2017, which provides the platform for driving the implementation and performance of these strategic functions.

Mr Speaker, as you will note from the Annual Report, PNG Customs had done well in the performance of its core mandated roles of border protection, trade facilitation and revenue collection.

However, lack of resources had continued to exert much challenges often intensified by increasing volume of trade owing to the surge in the mineral, oil and gas sector. Challenges of similar magnitude are faced at the border given the vast land maritime border, which are open and porous to poachers and illegal activities.

Mr Speaker, PNG Customs' subscription to international and regional customs organisations, particularly the World Customs Organisation and Oceania Customs Organisation had also posed demands in terms of adapting and implementing world innovative and best practices.

Mr Speaker, given these challenges, PNG Customs is focused on making wise use of the limited resources through effective risk management to optimise productivity and outcome in the performance of its mandated strategic roles.

Mr Speaker, the achievement and outcomes of the PNG Customs for 2013 are as summarised.

Revenue collection, Mr Speaker, PNG Customs collected aggregate revenue of K2.35 billion for the year ending 2013. This revenue was K63.71 million or three per cent less than the 2013 Budget estimate of K2.41 billion.

In comparison with the 2012 collection of K2.49 billion this was a decrease of K0.14 million or 8.8 per cent.

This is not to mention the substantial revenue foregone in State sanctioned exemptions.

Mr Speaker, the good revenue collection reflects booming economic activities in the country, particularly triggered by the surges in gas, mineral and oil industries with exceptional effects in the other sectors resulting in increased international trade volumes.

Mr Speaker, the three per cent deficit in the collection against the budget estimates has been due to the application of erroneous excise rates by the excise industry. This has been rectified towards the end of 2013 and outstanding revenue thereof will be collected this year.

Such optimal results in revenue collection is supported by effective implementation of compliance strategies that features sound principles in clearance audits, administration and application of penalty regime and investigation and prosecution of breaches of customs laws.

14/03

Mr Speaker, a substantial sum of K434 million was forgone under the State sanctioned exemptions which could have formed part of the aggregate revenue collections for the year. This was K199 million left compared to the 2012 figure of K633 million. The three components that were most impacted under the exemptions were the import GST of K384.39 million, import duty K30.69 million and import excise tariff of K19.33 million.

Mr Speaker, initiatives undertaken by Customs towards improving trade facilitation included combination of policy and practical measures. The efficient use of the Asycuda Cargo Clearance Automation (system) had continued to sustain efficiency in trade facilitation. The introduction of the cargo manifest module within this system had also elevated efficiency in trade facilitation. The continued implementation of the Advanced Ruling system too has proven beneficial in enhancing trade facilitation.

Mr Speaker, the imports for major impact resource projects such as the PNG LNG project were accorded special consideration under the 'express service model' that saw speedy clearance facilitation. This immensely assisted the successful progression of the LNG project towards completion on schedule, the completion of

which on schedule will be a milestone achievement for country thus rising and promoting investor confidence and trade.

Mr Speaker, the use of non-intrusive scanning technologies together with employment of intelligence led risk based targeting and inspection of cargoes had seen drastic improvement in the efficiency of international trade facilitation. Regular consultations are maintained with stakeholders (importers and exporters industries) through meetings to address issues that include impediments to clearance process and trade.

Mr Speaker, PNG Customs is conscious of its role of trade facilitation as quite strategic to the country. As such it has been committed to adopting and implementing measures and strategies recommended by World Customs Organisation that are designed to modernize its clearance process and procedures which foster efficient trade facilitation to sustain trade investment confidence and prosperity in the country..

Mr Speaker you can refer to the Customs Annual Report 2013 for detail reporting on the trade aspect including the trade trend, statistic on imports and exports and our major trading partners.

(3) Border Protection and Enforcement

Mr Speaker, border security is a strategic national function performed by PNG Customs. Performance of this function ensures and maintains supply chain security and social security through prevention and containment of infiltration of prohibited and contraband goods, which are inherently harmful to the society.

Transnational crimes such as human trafficking, terrorism and smuggling of drugs, trading of arms and other illicit goods are prevented and contained.

Great number of contrabands and illicit goods have been detected, detained, seized and destroyed at the ports and border posts, which are the points of entry into the country.

A number of joint maritime patrols and operations were conducted as detailed in the Annual Report.

Mr Speaker, the vast maritime and land border makes it quite porous for poachers and transnational criminal elements to engage in illegal activities in the absence of adequate surveillance resources and logistics to ensure effective border surveillance and protection.

(4) Institutional and Capacity Building

Mr Speaker, this brings me to present to you institutional and capacity building initiatives of PNG Customs.

Recruitment to the approved structure of 483 customs officers had not progressed well thus affecting progress and output. This had been due to slow in recruitment. The devolution of certain powers and functions by the Secretary of Department of Personnel Management to the Customs had seen recruitment progressing well and it is anticipated to be completed by 2014.

A good number of trainings had been conducted for officers to enhance their skills and knowledge to meet industry expectations.

Mr Speaker, a number of houses were built and purchased throughout the ports in the country for senior managers from the Public Infrastructure Project (PIP) Funding of K3 million. This saw most of the senior staff being accommodated and will be continued in the following year.

15/03

Mr Speaker, the construction for facilities for installation of container x-ray examining facilities for the main wharfs of Lae and Port Moresby, which were underway and have been greatly stall by prolong bureaucratic process in respect of the facility for the Lae port, the Central Supply and Tenders Board awarded the contract to CEMDA Tech Limited defaulted in constructing the facility thus further delaying the completion and installation of the x-ray canning machine. For Port Moresby the lease agreement is still pending clearance from the State Solicitor and execution.

Mr Speaker, when completed and in use, they are set to immensely enhance efficiency in trade facilitation whilst at the same time ensuring entry of only legitimate goods into the country through these ports. At the same time, they will ensure all the revenues accruing from the trade are properly and accurately accounted to the state. In essence, the use of this technology will substantially enhance and boost trade and investor confidence and prosperity in the country. The X-Ray Scanning Machines which have been purchased in Beijing at a value of K6 million are being shipped and stored at Motukea Wharf pending installation.

Transformation of PNG Customs into an independent Statutory Authority

Mr Speaker, following the direction of the Prime Minister's direction to transform PNG Customs into a Statutory, a Committee comprising of senior customs officers has been appointed to take carriage of the work. Consultations and work on the Bill to bring this transformation has progressed well and the Bill is set to be tabled in Parliament in 2014.

This initiative has been welcomed as a way forward in enhancing efficiency and productivity.

Good Governance

Mr Speaker, this brings me to the presentation of the principles of good governance observed by PNG Customs. Indeed, PNG Customs has continued to strive to live and work within its vision, mission and value standards as clearly stipulated in its Service Plan 2013-2017. Its value statement strongly calls for commitment, professionalism, service and integrity. Its value statement for integrity calls for maintaining high Christian principles of honesty, transparency and accountability.

It has a sound control mechanism comprising of the internal affairs and internal audit. An audit committee comprising of chief auditors from the department of Finance was established to conduct periodic audit into the process and systems of Customs to ensure PNG Customs is operating within the confines of the laws and regulations thus accounting for every kina and toea spent.

Mr Speaker, PNG Customs maintains a zero tolerance approach in its fight against corruption hence officers caught engaging in corrupt practices are removed forthwith through the internal administrative processes, and are also referred for criminal prosecutions.

PNG Customs great performance and output with exemplary results are testament of its officer's strict observance of these principles of good governance at all levels of management within the structure.

Constraints

Mr Speaker, PNG Customs effort in performing its core mandated functions of border protection, trade facilitation and revenue collection were subject to a number of inhibiting considerations as indicated in the Annual Report, which are listed below

- Manpower shortage
- Inadequate resources and logistics
- Lack of institutional capacity and capability

Going Forward

Mr Speaker, going forward, PNG Customs has a number of programs listed as priority areas to be worked on to address the above deficiencies that tend to impair effective discharge of its functions. They are:

- (1) Recruitment to complete by mid-2014;
- (2) Container X-Ray Examination Facility Project to be progressed to conclusion;
- (3) Continue roll out institutional housing project;
- (4) Continue to modernise Customs legislation, processes and procedures in line with WCO best practices that includes working to upgrade our automated system (ASYCDA ++) to ASYCUDA World and eventually go into the single Window Concept;
- (5) Diagnostic assessments into clearance processes to identify areas of impediment with a view to addressing them to speed up trade facilitation;
- (6) Conduct more Post Clearance Audit to increase compliance and recover revenues;
- (7) Undertake preliminary discussion and preparatory work into establishment of the Customs Training Academy;
- (8) Increase number of border patrols and joint operations;
- (9) Improve connectivity and cooperation with other border agencies to enhance coordinated border management and trade facilitation; and
- (10) Progress and complete work on transforming PNG Customs into an independent statutory authority.

Recommendations

Mr Speaker, PNG Customs is still struggling to perform the strategic roles of Border Protection, Trade Facilitation and Revenue Collection to the expectation of the business industry, the government and the people. This is due to the increasing challenges posed by the surge in the recent economic activities, especially in the oil,

gas and minerals sectors with exponential effect in other sectors resulting in increasing volume of trade. The vast land and maritime border of Papua New Guinea are porous and susceptible to poachers posing significant challenges. These challenges are intensified by lack of adequate and skilled manpower, institutional capacity and capability and resources.

Therefore, it is recommended that the Government:

(a) Take note of the strategic roles performed by the PNG Customs Services;

(b) Note the challenges and constraints faced; and

(c) Support PNG Customs with adequate funding through the recurrent and development budget to enable it to address challenges it faces and be able to perform its strategic roles effectively to expectation of the business community and the investors so as to ensure investment and sustainability and prosperity in the country.

Mr Speaker, I commend the report to Parliament.

16/03

Motion (by **Mr James Marape**) –

That the Parliament take note of the paper and the debate be made an Order of the Day.

Debate adjourned.

**SPECIAL PARLIAMENTARY COMMITTEE ON PUBLIC SECTOR
REFORM AND SERVICE DELIVERY – FIRST AND SECOND
REPORTS – PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr BIRE KIMISOPA (Goroka) – I present the following papers:

Special Parliamentary Committee on Public Sector Reform and *Service*
Delivery –

First Report – Investigative Mission to Brisbane and Canberra

Second Report – Investigative Mission to Fiji and Samoa

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

Leave granted.

Thank you Mr Speaker, before I begin I would like to thank the honourable Members of this Parliament for giving us the mission to be able to provide another pair of eyes in terms of Public Service and public sector reform in this country; especially service delivery.

Also at this critical point in time, may I also convey our sincere thanks to the Public Service Minister for having brought before this House, the recent amendments to the *Public Service Management Act*.

We accept that wholeheartedly but perhaps the role of this committee is very big and as Chairman I have the dubious task of trying to determine for Parliament, precisely what are the issues affecting public sector and the Public Service. And it is a difficult task, because these are two different things.

Mr Speaker, for Public Service, we are predominantly talking about Departments whereas of the public sector, you are looking at some of our SOEs in the country such as PNG Power Limited and others.

I also want to thank the Member on this committee, Governor for Oro, honourable Gary Juffa, Honourable Merra Minnie Kipefa, honourable Joseph Lelang, honourable Sasindran Muthuvel and honourable Philip Undialu.

Mr Speaker, I congratulate the Prime Minister for providing the support to be able to implement this exercise. I convey also our heartfelt thank you to your office for giving us the prerequisite approval to undertake the trip to Australia, Fiji and Samoa.

I wish to present to Parliament the first and second reports of the First Parliamentary Committee on Public Sector Reform and Service Delivery.

The Terms of Reference are quite broad and therefore it was resolved through addressing public sector performance and service delivery in terms of two strong strategies. Firstly the Committee intends to review the legislation that governs the public sector as a whole. The committee wanted to evaluate whether the legislation was pertaining to today's Public Service and whether it is functional in today's operational environment.

Mr Speaker, the committee is of the view that if the macro-legislative environment is not functional there is very little hope of improving public sector performance. Secondly, the committee wants to review the operations of major public sector agencies in terms of their objectives and functions and the specific legislative environments in which they operate.

17/03

The committee has already invited public submissions on the performance of the public sector and held discussions with various public sector agencies in Queensland and Canberra with the Commonwealth Government and more recently in Fiji and Samoa. It has also corresponded with and received detail information from the New Zealand Government.

Mr Speaker, the First Report of the Committee addresses constitutional issues associated with public sector governance, the structure of the Public Service and certain provisions of the *Public Service Management Act*.

I have also reserved certain sections in our Report for the Committee to make some comments of the recent enactment.

The Second Report of the Committee covers the rest of public sector reforms including;

- departmental head contract revision
- policy direction and performance monitoring
- need for an independent organizational review of the public service
- the creation of a youth executive recruitment program to include public sector management capacity
- need for an independent review of public sector remuneration level with the view to adjustment vis a vis the private sector.

Constitutional issues associated with the public sector governance.

Mr Speaker, the committee obtained legal advice which highlighted the fact that in Papua New Guinea the *Constitution* does not provide for the Parliament to determine matters of contempt but rather require such matters to be referred to a Court for decision. Legal advice suggested that the system was unworkable in practice.

Mr Speaker, Parliament needs effective sanctions which can be readily applied to ensure attendance and cooperation by public sector employees and members of public committees hearing.

Moreover, Parliament has to sanction members where they show contempt for the institution of Parliament. Under the current procedures, Parliamentary Committees with the exception of the Public Accounts Committee have no power to compel a public sector employee or other citizen to appear before them, and no power to refer the person or persons to Parliament for contempt.

Importantly Mr Speaker, Section 115, Sub-section 1 of the *Constitution* diverts the Parliament of the traditional power of discipline other than via the Courts. Parliament today has no penal jurisdiction and therefore, has no such jurisdiction to delegate to any of its committees. The reason for this is that *Section 115* of the *Constitution*, whilst it gives certain privileges and immunities to the members of parliament, expressly excludes in Sub-section 9, critical powers which are possessed by comparable parliaments based on the Westminster system.

Moreover, in discussion with the Chief Justice of Queensland, it becomes apparent that the current prescription of Parliament referring persons to a Court was impracticable.

This situation arises as the Court has no powers to examine what happens within the precincts of Parliament and cannot require relevant persons to attend due to Parliamentary Privilege.

In essence, discussions held in Brisbane and Canberra established that the contempt provisions that the Papua New Guinea *Constitution* are unworkable and must be amended.

These changes need to be made to reassert the sovereignty of Parliament as a Court, provide Parliament with clear and effective powers to discipline Members and to provide Committees with powers to compel public sector employees and the private sector to attend hearings, sanction those who fail to attend hearings or give evasive or false evidence before such Committees.

Accordingly, the Committee has prepared a draft Bill to amend *Section 115* of the *Constitution* to provide required powers.

Mr Speaker, the Papua New Guinea Public Service has a very hierarchical structure with twenty grades and increment levels within each grade.

By contrast, the Australian public service has six administrative, two executives and three SES grades.

It was acknowledged during discussions in Australia that with less grades, the Australian public service has less administrative work and has a larger cohort from

which to choose officers for promotion, i.e as there are more staff at each level, the quality and quantity of applicants for job should be higher.

The Committee has given further consideration to this matter in its Second Report.

Regardless, the Department of Personnel Management (DPM) and Public Service Commission need to develop policy papers that look to make the public service structure more efficient and effective. They need to adopt a proactive approach to public sector performance and service delivery.

Mr Speaker, *Section 148* of the Papua New Guinea *Constitution* expressly limits a Ministers power to political responsibility but does not confer on the Ministers including the Prime Minister's power of direction or control.

18/03

In order to effectively govern the Public Service, department heads need to be made responsible to their Ministers. Ministers need to be given very clear authority to issue lawful directions to the department heads and that the department head shall be subject to effective sanction. If the tasks are not performed or reasons given as to why performance is possible.

The Government (not the public sector) must be in control of policy development and public servants must be required to implement such policies or face disciplinary actions. The current practice of the Government announcing policy decisions and the public sector failing to effectively implement those decisions must cease.

Mr Speaker, accordingly to *Section 148* of the *Constitution* needs to be amended to give Ministers and the Prime Minister powers to direct the public servant to perform lawful tasks. In making this assessment, the Committee is mindful of the need to retain sub-political public sector as far as it is practical.

In this regard, the Minister's power to give direction and sanction officers for non-compliance should extent only to department heads, deemed department heads and not to their sub-ordinates. Ministers should not interfere with the internal workings of a department.

Mr Speaker, these amendments are also included in the Bill to amend the *Constitution*.

Mr Speaker, I, now turn to CACC, and on behalf of the Committee I would like to make a few remarks. There are personal but of objective views.

Mr Speaker, the Committee also noted that DPM have not actioned NEC decision 69 of 2008 and 178 of 2020 relating to the abolishment of CACC and the Office of the Chief Secretary. *Section 20* of the *Prime Minister and NEC Act* currently provides that, in *Section 20* the functions of the Chief Secretary to the Government. The functions of the Chief Secretary to the Government are:

(a) To be principal advisor to the Prime Minister and to the National Executive Council (NEC), and to co-ordinate policies and initiatives of the NEC, and to ensure that the decisions, directions and policies of the NEC are implemented by the National Public Service and only public bodies;

(b) To ensure that the National Public Service and public bodies perform effectively and are accountable to the NEC, and to Parliament; and

(c) To oversee public sector reform.

In addition to the above functions, the Chief Secretary has a dual role as the Secretary to the Department of the Prime Minister and NEC. On top these two ruinous full-time jobs, the occupant has the following current additional functions, and this is not an exhaustive list.

There are:

- (1) Chairman of CACC;
- (2) Chairman of CACC sub-committee;
- (3) Chairman of National Security Advisory Committee (NSAC);
- (4) Chairman of NSAC sub-committee;
- (5) Ok Tedi Board;
- (6) PNG Sustainable Development Programme Board;
- (7) Chairman and member of several Independent Investigative Committees; example, the review of government procurement;
- (8) Chairman of Project Management Group Australian Aid Programme Of EPSP;
- (9) Chairman of Working Group On Improving Business And Investment Climate;
- (10) Chairman of Project Management Oversight Committee, In House Re-establishment;
- (11) Chairman of Go PNG, Joint Understanding Framework;

(12) Chairman of State Negotiating Team For a New Government Complex;
(13) Chairman of Inter-Department Electoral Committee;
(14) Chairman of Inaugural National Aids, Corruption, Strategic Task Force,
and the list goes on.

Mr Speaker, it is admitted that, it is completely for one person to successfully perform all the above functions and the current disarray within the Public Service. This is a testimony to the failure or successful occupants of the Office of the Chief Secretary to manage the excessive workloads and implement required change management. Importantly, the existence of the position of Chief Secretary has created a situation where department heads respond and report to him or her, rather than to their respective Ministers.

This perception is fortified by the fact that the Chief Secretary is the Chairman of CACC. There have been occasions where the Chief Secretary has directed rather than advice department heads not to implement directives of a Minister.

Mr Speaker, the public sector must be clearly answerable to the government. It cannot serve two masters. In essence the position of Chief Secretary acts as bottleneck to efficient public administration rather than a facilitator.

Mr Speaker, I would to reiterate this point again, this is nothing personal but our object analysis of what we see as the grid lock that is affecting Waigani.

Mr Speaker, similarly, the CACC acts by its passivity and the irregular nature of its meetings schedule to delay and frustrate the implementation of government policy.

19/03

Implementation of Government policy cannot await meetings of CACC. When NEC approves a policy it is (or should be) fully appraised of the implementation issues/challenges as part of the NEC Submission and vetting by the respective consideration or interpretation is necessary or desirable by CACC.

The Committee is of the unanimous view that to improve public service management, CACC and the Office of the Chief Secretary to Government need to be abolished without delay. The Departmental Heads should be responsible to their respective Minister who in turn is responsible to Cabinet. NEC submission by the relevant Ministerial Committee.

Mr Speaker, the Department of Personnel Management must implement extant NEC Decisions. It must not dither and wait for possible or desired policy changes that would see decisions reversed. Its clear responsibility to act, not delay and frustrate policy implementation.

NEC Decisions

The above situation raises serious questions over the management of NEC Decision implementation by the NEC Secretariat. It is clear to the Committee that the NEC Secretariat does not effectively monitor the implementation of NEC Decisions.

Mr Speaker, it is not acceptable that the NEC makes decisions and there is no comprehensive follow-up of implementation, nor an effective reporting mechanism to NEC of non-compliance. Decisions that require legislative changes seem to be sent to the First Legislative Council for action and there is little or no follow-up by the NEC Secretariat.

The Committee therefore, foreshadows a review of NEC Secretariat systems and procedures in relation to monitoring of decisions implementation.

Senior Public Sector Employee Contracts

Mr Speaker, the contract conditions for senior public servants need to be radically overhauled. The Committee is of the view that despite the obvious risks, the Queensland system of contract employment (which has an option of 30 day termination of the contract) should be adopted by PNG, that is, senior public sector employees have simply got to be responsive to Government and lawful Ministerial direction. If not, they have no place in the public sector.

There has to be fundamental change to the current convoluted and administratively complex system of Departmental Head termination. Departmental Heads must be contract employees and all rights under the *Public Services (Management) Act* have to be served. Currently, the Departmental Heads have contract which refer to termination procedures under the *Public Services (Management) Act and Regulations*. In future, contract law should clearly prevail and changes to contract and Act needs to be under taken as a matter of urgency.

Concomitant to the above change, consideration needs to be given to increased remuneration for senior public servants having regard to their change in contract conditions and employment risk. Senior public service employees need to be paid

consistent with remuneration packages received by their peers in public bodies and authorities and the need to attract quality personnel to the Public Service. This process is essential in order to make the Public Service more responsive and professional.

Management of Public Bodies

Mr Speaker, the Committee will be investigating why there are so many public bodies (over 200) and whether there is scope to merge some of the non-performing agencies back into Departments. Recent action in Australia points to the savings and efficiencies that can be made where the functions of non-performing entities are rolled back into Departments. It will also address the disparity of remuneration packages vis a vis Departmental Heads. Members might be surprised to learn that there is no definitive list of such bodies nor an aggregated cost of the State of the advocated Board fees. Mr Speaker, for the benefit of Members, I have attached a list of the Bodies that the Committee has identified to date. If one calculates the cost of Board fees for a single institution and then multiplies this by 200, the minimum cost to the nation of public bodies readily becomes apparent.

Mr Speaker, not only do we have far too many public bodies but also there is no clear rationale or criteria for establishing such bodies. There seems to be a pervading view that public bodies operate more effectively than Departments. There are however no data to substantiate such a view. In fact the opposite situation seems to be arising with many public bodies, their CEOs and Boards operating extremely poorly.

Second Report of the Committee

Mr Speaker, the Committee's second report stems from a visit to Fiji and Samoa. I think it is fair to say that the Committee was greatly impressed by innovations and initiatives in the public sector in both countries while concomitantly being left with the view that PNG has competently 'missed the boat' when it comes to public sector management reform.

20/03

Mr Speaker, the Committee is unanimous in its view that management of public sector in Papua New Guinea must change dramatically if service delivery is to be improved.

To this end the Committee has compiled a wide ranging report that addresses some of the most serious deficiencies that are found in the public sector administration.

Mr Speaker, the Committee was shown how Fiji monitors policy implementation, The Strategic Framework for Change Coordinating Office (SFCCO) has been established under the Prime Minister's Office.

The SFCCO is the key monitoring and coordinating body reporting to the Prime Minister.

Amongst others, its role is to ensure the effective mainstreaming and implementation of the SFC and Roadmap for Democracy and Sustainable Social and Economic Development (RDSSSED).

Specifically the SFCCO must:

- (1) Ensure the SFC and RDSSSED are marketed extensively through the media, and the public and consultation programmes;
- (2) Ensuring the main streaming of the SFC and RDSSSED into Ministries and Department Strategic 2010- 2014 and Annual Corporate Plans;
- (3) Provide support to the Ministry of Planning on capital and PSIP projects monitoring and implementation;
- (4) Support the PSC in the performance review of permanent secretaries;
- (5) Monitor, audit and review implementation agencies including ministries and departments;
- (6) Provide regular update reports to Cabinet, Military Counsel, DSC, PSC and other key stakeholders;
- (7) Provide advice and support to the Prime Minister and Cabinet on issues pertaining to the RDSSSED and SFC; and
- (8) Provide necessary support to the Ministry of information on public relations and media programmes to ensure nationwide participation and ownership.

Mr Speaker, the Committee compared this situation to PNG where there is disarray in policy implementation characterized by confusion and competition among the Department of National Planning and Monitoring, the Chief Secretary to Government, Central Agencies Co-ordination Committee, the Department of Prime Minister and NEC, the Vision 2050 Office and the Office of the Prime Minister who are all trying unsuccessfully to monitor policy implementation.

Mr Speaker, can I just pause for a while here and inform this honourable House. We had a unique experience in Fiji, the Prime Minister of Fiji is in absolute control of the Government, and he knows exactly which district is building a school on a chart, it may be a small island but they have absolute control over the Budget, they know who is performing and who is not, they are critically analyzing their departmental heads, they have monitoring agencies, they have a scope up.

It may sound funny, Mr Speaker, but to have a Prime Minister in absolute control is something that we need in this country. If we want a road to be built it must be built, we want toilet paper in a small Aid post or Police Station in Kavieng it must be there, that is what we want. That is the whole idea and the Fijians have captured that and I was amazed because when I took the Committee into the room.

Mr Speaker, sorry I am veering of my report but this is the last day so please bear with me, so when we went into this board room it was like a war room, we sat in front and all this monitors at the back they know exactly what aid post they are building and which wharf is being constructed on the island and it is amazing.

They said everyone reports to the Prime Minister, the Ministers knows exactly because they have being monitored on a monthly basis and they have been given projects demarcated in the light, in colors they have red, amber and green. Green is go, amber is trouble so whoever is in trouble the permanent secretary analyses and within a matter of days they say your time is up and you can leave.

Mr Speaker, so I was very impressed with what they have, I know Papua New Guinea is a very big country but we can do it too. We have to be in control, I think that is the essence of what I am saying.

Mr Speaker, there is an obvious need for us to rationalize management of policy implementation. After carefully consideration the Committee recommends that responsibility for policy implementation resides with a revamped Department of Prime Minister and NEC. The Committee considers that the current organizational structure and responsibilities of the Department of PM and NEC are no longer appropriate and will be making detailed recommendations for change in the near future.

21/03

Concurrent to these changes, action must be taken to abolish the CACC and position of Chief Secretary to Government.

Mr Speaker, the Committee has investigated the situation regarding public bodies and the need for Boards to be more effectively controlled by the government. There are persistent problems in Papua New Guinea with Boards not performing or CEOs of public bodies not performing. There is currently no efficient and effective mechanism for Government to intervene and replace those responsible. These problems are exacerbated in situations where the Boards and CEOs are non-performing as it requires the Board to make recommendations regarding the CEO position. The recent Court decision with respect to the CEO of the Daru Hospital is a case in point.

Mr Speaker, what is clearly necessary for good public administration is a system that the responsible Minister can act as a “circuit breaker” and replace those who fail to perform. In these regard the Committee has investigated the options for Acts to include a provision where, in specific circumstances, the Minister can suspend Boards and install a Statutory Manager to ensure service delivery. Of particular interest to the Committee was a provision under Section 78M of the *New Zealand Education Act 1989* which, provides for a Minister to appoint a Statutory Manager where a Board is not functioning effectively.

In New Zealand, the Minister has clear powers to replace a board and appoint a Statutory Manager. In Papua New Guinea the process is much more convoluted, requiring appointments of a Committee of Inquiry, investigation reports, preparing for an NEC Submission by the Minister, referral of Head of State by NEC, Gazettal and finally the appointments of a Manager. Even then, the Board is only suspended and not terminated. Presumably, if the desire is to terminate the Board the suspension has to be until their terms of appointment of terms expire. In the interim, a new Board will not be able to appear to be able to be appointed. In any case, the current procedures for suspension of Boards are unwieldy and not conducive to good governance.

The Committee stresses the need to provide Ministers with powers to immediately intervene where Boards are not functioning properly. If the public sector is to operate effectively, the Government policy is to be implemented in a timely fashion, Ministers must have the power to act as “circuit breakers”. Good governance requires a swift Government response where administration is sub-standard or where corruption is suspected. The Committee therefore strongly recommends that the *Regulatory Statutory Authorities (Appointment to Certain Offices) Act 2004* to be amended to provide Ministers with requisite powers to replace Boards and appoint

Statutory Managers. *The amendment or amendments to the Regulatory Statutory Authorities (Appointment to Certain Offices) Act 2004* should be designed in such a way to supersede any conflicting provisions in sector specific *Acts*. As time permits, sector specific *Acts* should likewise be amended.

Mr Speaker, the Committee considers that Papua New Guinea public sector is bloated and in need of serious review. Departments have increased in size and staff numbers and salary cost continues to rise. There has been no initiative from the Public Services Commission to address the efficiency and effectiveness or cost of the public sector, despite it having latent powers under *Section 191* of the *Constitution* which reads:

Section 199. Functions of the Commission.

- (1) The Public Service Commission shall be responsible, in accordance with an *Act* of the Parliament, for –
 - (a) The review of personnel matters connected with the National Public Service; and,
 - (b) The continuous review of the State Services (other than the Papua New Guinea Defence Force), and the services of other Governmental bodies and to advise, either on its own initiatives or on its request, the National Executive Council and any authority responsible for any of those services, on organizational matters.

Mr Speaker, in these respect, the Committee perused the latest Public Services Commission Annual Report to Parliament, for (which is required under *Section 191* (4) of the *Constitution*). The latest report is dated 2012. (Despite repeated attempts to obtain a copy of the 2013 it has not been forthcoming). The report blames lack of funding for the organisations failure to address performance issues. There is no operational PSC website and therefore no ready access to previous reports.

Likewise there has been no initiative from the CACC which explicitly has a power under *Section 25 (j) of the Prime Minister and the National Executive Counsel Act*:

(j) to be responsible for performance management within the National Public Service and public bodies, including ensuring the timely preparations of annual reports by Departments and public bodies and their submissions to the National Executive Council.

22/03

The Committee considers that a thorough independent organisational review of the public service needs to be undertaken with a view to rightsizing and cost reduction. As part of this review, concrete action needs to be taken to eliminate costs associated with staff on attached lists, multiple occupants of a position, staff awaiting repatriation after retirement, dependents awaiting repatriation after the death of an officer etc. Funds have to be provided and these officers removed from the public service payroll. Each department head should have, as a performance measure, a clear reduction in surplus staffing.

There are also far too many funded positions which do not attract any operational funds, that is, the officer receives his or her salary but there are no funds allocated in the budget for the officer to actually perform his or her assigned task or insufficient funds allocated to perform tasks effectively. This situation amounts to gross waste of public monies, makes the public sector moribund and can no longer be tolerated. If there is no prospect of providing operational funds, the position needs to be abolished forthwith and funding reallocated.

Mr Speaker, PNG has a dearth of effective middle level managers and is forced to recirculate poorly performing departmental heads and chief executive officers due to a lack of competition.

Mr Speaker, if we are to improve public sector performance and service delivery, we need younger and more capable managers.

The Committee therefore proposes the creation of a Young Executive Recruitment Program (YERP). The objective of this program would be to recruit and develop a cadre of talented young professionals to be trained and to fill middle level management positions and who will have an accelerated career pathway to senior management positions. To do this the public sector must:

- Recruit the best and brightest graduates from universities,
- Offer an attractive minimum two year training package with the coursework and placements in private enterprises and various state entities both in PNG and overseas,
- Offer an attractive remuneration package that reflects desired management outcomes,

- Create an avenue or positions for these young executives to be placed in the public sector agencies in positions of responsibility,
- Department of Personnel Management oversee development, maintenance and monitoring of the program and furnish regular reports on performance, and;
- All participants should be contracted to ensure that they serve in the public sector for at least two years or repay training expenses to the State.

Mr Speaker, the committee believes that there is a need for more flexibility in salary fixation than currently exists via DPM and *Section 10(1) of the Salaries and Conditions Monitoring Committee Act 1988*. Salary packages offered by the Public Sector must be reasonably competitive with the private sector in order to attract and retain high calibre staff. The committee considers that this might be achieved via a two pronged strategy.

(1) An independent review of the public sector remuneration levels with a view to adjustment vis a vis the private sector. The committee considers that increased position costs should be met via public sector rightsizing savings and not budget increases.

(2) The creation of essential specialist positions that can attract a higher salary than might otherwise be offered. These positions would have no public service grading but rather attract an agreed salary package and be incorporated into the departmental and state owned enterprise organisation as appropriate, The above positions would have to be created by DPM and SOE and salaries approved. The Committee emphasises the need for careful management of this system so that the current structure of the public sector is not undermined.

Mr Speaker, while the Committee was reviewing public sector organisation and management, the Government submitted a new Public Service (Management) Bill to Parliament for enactment. The new *Act* came into force on October 1, 2014.

Unfortunately the legislation was not referred to the Committee before presentation to Parliament but the committee concurs, in general, with its thrust. It removes much of the detail of the employment and dismissal processes from the *Act* and puts it in regulations. These are more easily amended than the *Act* and therefore create a better administrative environment.

It must be appreciated however that the new *Act* makes only modest changes to the manner in which the public service operates. The committee considers a far more radical surgery is essential if the public service is to be regenerated into an efficient and effective entity to serve the people.

The Committee considers that the new *Act* deserves closer scrutiny. Some provisions of the *Act* are considered counter-productive, while others are of dubious legal status. The committee has the following specific comments on the new *Act*.

23/03

The Committee has indicated in its report that the Westminster system depends, in part, on the existence of an apolitical public service. *Section 28* of the new Act creates a 'Ministerial Executive Appointments Committee' (MEAC) which is going to vet a short list of candidates for departmental head positions. The list will be supplied by the Secretary DPM and MEAC will recommend one candidate to NEC. At the same time, the Secretary DPM will provide a secretariat for the committee. It is the Committee's view that to have the MEAC pick a candidate is a retrograde step which has clear potential to politicise the public service at the most senior levels. The committee concurs with recent comments by the Public Service Commission that the creation of a Ministerial Executive Appointments Committee is not a prudent initiative. The fact that DPM will provide the secretariat also tends to politicise the role of the Secretary DPM.

Mr Speaker, the Committee also notes that MEAC will deliberate under *section 28(d)* of the Act on temporary appointments to the departmental heads positions. Why this activity has to be referred to the MEAC is not clear, given that Ministers currently has powers (delegated by NEC) to make temporary appointments.

Mr Speaker, the Committee therefore recommends that section 28 of the Act be amended to dispense with the MEAC. The Committee equally does not favour a return to the PSC evaluation process which has dire consequences for the standard of public sector management.

Mr Speaker, running a department is like running a business and departmental heads need to have sound business acumen and competencies.

The Committee therefore favours introduction of a merit based system with an Independent Selection Panel (ISP) comprised of senior bureaucrats and private sector executives with the private sector nominees in the majority. The ISP would make a

recommendation of one candidate to NEC as a departmental head in a similar way to which the Samoan CEO Selection system works. Private sector nominees would change regularly and be appointed by the Port Moresby Chamber of Commerce and Industry or similar industry body to provide for maximum independence and to reduce the possibility of collusion. The ISP system would instil public confidence in the decision making process and test the real merit of candidates.

In relation to contracts for employment, section 29 of the Act, the Committee also strongly disagrees with the process for approving contracts of employment. Subsection 4, indicates that legal clearance shall be obtained from the State Solicitor for each contract within a 14 day time period and subsection 5 indicates that if such clearance is not forthcoming within the specified period, the Secretary DPM may seek intervention from the Attorney General.

What is really being suggested is that the State Solicitor General regularly frustrates good public administration by failing to approve the contracts within a reasonable period. The solution proffered in the Act is to refer the matter to the Attorney General presumably through the Minister for public service.

The Committee suggest that if the Attorney General does not intervene, then the Act provides no remedy to the problem at all. The nub of the problem lies in the individual contract approval process. Why does each contract have to be individually approved by the State Solicitor when they are all based (or should be) on the same template? All other contracts conditions are standard. Remuneration is set by other authority and SoS relate to the specific departmental job. Neither of these issues involves the State Solicitor in legal advice.

The Committee proposes that the State Solicitor simply approves a standard contract and DPM is bound to use the approved contract. Copies of signed contracts can be sent to the State Solicitor *ex post facto* to vet the standard template being used.

Mr Speaker, we have to rid ourselves of excessive bureaucracy that leads inevitably to administrative paralysis.

Section 45 of the Act relates to the employment of Aid Funded Citizens Technical Advisors. This term is not defined in the Act and section 45 does not adequately explain whether they are PNG citizens employed directly as departmental advisors or by aid agencies or foreign nationals so employed. Section 45 indicates that they shall pledge primary loyalty to the State and this would tend to indicate that they are foreign nationals. The section needs to be clarified.

24/03

Section 57 effectively phases in the retirement age of 65 for public servants over five year period under certain conditions.

Special conditions are included in the act for departmental heads as indicated in the committees report. That departmental heads should be contract employees and all references to them in the *Public Service Management Act* should be deleted. They should not retain Public Service employment rights.

Their term of appointment count for service etc... while concurrently being paid as contract employees. In respect to the other public servants the formula included in section 57 introduces a sliding scale to calculate when a person is required to retire. In the committees view it is too complicated and unnecessary.

For example, after 2018 according to its own prescription, the provision becomes obsolete. It would be far easier to administer, if the Act provided for a retirement age of 65 to come into effect on the date of enactment of the legislation which is 1 October 2014 or other specified date if there are financial implications. If officers are under 60 at the date of enactment, they can continue until they are 65 provided they meet health and other prescribed requirements.

In respect to the retirement age for members of the Public Service Commission board, the intent of section 10(1) is to prohibit a person serving beyond age 60, here the committee notes the use of the words shall not serve as opposed to should not or may not serve in section 10(1). However, section 10(2) of the Act immediately provides for a situation where a person can serve until age 65. As they stand, the two sections are contradictory and display bad drafting practices.

Section 22 of the *Act* indicates that the Secretary of the Department of Personnel Management is the Principle Advisor to NEC in respect to all employment matters in the National Public Service and all public bodies. The definition of public body in the Act includes all SOEs. Hence the Secretary of DPM would assume responsibility for advising NEC, for example in relation to Air Niugini staffing etc... The provision runs counter to the *Companies Act*, where the board of directors is responsible for company management.

Likewise, *Section 23* of the *Act* gives the Secretary for DPM the power to require the head of a public body to appear before him to answer questions. It is not clear to the committee how this power coexists with the responsibility of the head of a public body to be responsible to the board of that public body under specific acts.

For example, what happens if a board directs the head of a public body to disregard the Secretary's directive to appear?

Mr Speaker, section 55 of the Act relates to strike action by Public Servants. It effectively says that a public servant who takes part in a strike that affects the Public Service or utilities in the country commits an illegal act and maybe dismissed.

This provision would seem to run counter to the Freedom of Association and Protection of the Right to Organise Convention 1948 and the Right to Organise and Collective Bargaining Convention of 1949. The ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) holds that these conventions require that every worker has a right to withhold his or her labour. The International Covenant on economic, social, and cultural rights (ICESCR), to which PNG is a signatory also provides for an obligation for Governments to ensure the rights to strike.

The provision would also appear to be inconsistent with section 61 of the *Industrial Organisations Act 1962* which provides together with clause 10 of the Schedule to the Act for secret ballots regarding strikes. In essence, *Section 63(1)(g)* of the *Industrial Organisation Act 1962* provides for secret ballots regarding strikes and makes it an offence for an employer to sack or alter the position of a union official who takes part.

By contrast the *Public Service Management Act 2014* makes it an offence for the union official to engage in a strike. Moreover, what is the use of having a secret ballot in order to strike under one *Act*? These matters should have been discussed with the Industrial Registrar and the Department of Foreign Affairs and Immigration as part of the drafting process for the *Act*.

The definitions of employee and officer refer to a person employed in the public service but *Section 12 (6)* refers to the National Public Service. Terminology should be consistent in the *Act*. Fines for breaches of the *Act* under *Section 12* are perfunctory. A K200 penalty is of no consequence. Either fines should be increased substantially or removed from the act.

Section 36(4) indicates that where the substantive occupant of an office vacates the office for leave or study purposes an acting appointment may be made. There does not seem to be any recognition of the need to fill jobs made vacant by virtue of staff secondment.

25/03

Section 79 (4) (b) of the Act provides that an officer shall not, without the recent consent of the Secretary of DPM acquire land in the country or other than land on which as building is or is to be erected that is occupied by him as a resident or dwelling.

This prescription seems to be overly restrictive as it would prevent an officer from owning an investment property or land without consent of the Secretary. How a public servant invests his or her money should have nothing to do with his or her employer except where a conflict of interest may arise. Unless a database is going to be maintained of all such cases, how would future conflicts of interest situations be identified under the proposed system? How would the provision be policed if officers failed to advise the Secretary of land acquisition?

The Committee considers that the provision is simply another artifice, which may have good intentions, but will not work in practice. The provision should be deleted

Section 80 of the Act covers death and personal incapacity of an officer while on official duty. *Subsection (2)* provides for payments of an amount between K4, 000 and K30, 000 as determined by the Head of State acting on advice, on receipt of a report from a Committee of Inquiry appointed by the Minister. This provision provides for a myriad of administrative delays in paying out to the bereaved family of incapacitated officers.

The maximum payment is K30,000 but reduced by any other damages payments made by the other parties. The amount is miserly for a death but the process to obtain the payout is onerous. The Committee is of the view that it is of a simply administrative matter and should be treated accordingly.

Numerous insurance companies that have charts that provides scales for loss of limbs, forms of incapacity etc.

DPM could easily use this to determine a satisfactory and consistent payment process for such cases. There is no need for a Committee of Inquiry to just why the matter should have to be referred to the Head of State to approve payment as low as K4000 is bewildering.

The Committee considers that payment for that death should be managed in-house by the Secretary for DPM with a minimum of delay.

Mr Speaker, the new *Act* should be amended having regard to the matters raised by the Committee.

In conclusion, the work of the Committee has just begun but we are of the firm view that until appropriate power and control are restored to the Parliament, Government will not be able to effectively implement policy initiatives.

The public sector must be made more accountable to Ministers and effective and timely sanctions applied where performance is poor.

Equally, however it is important for government to pay Departmental Heads and officers based on employment risk and performance required.

Mr Speaker, the Committee will be shortly conducting hearings in regard to management and applicability of the:

- *Regulatory Statutory Authorities Act*
- *Salaries and Conditions Monitoring Committee Act 1988*
- *Salaries and Remuneration Commission Act 1988*
- *Public Service Regulations*
- *P.S General Orders*
- *PM & NEC Act*
- *Public Finance Management Act*
- *Finance Instructions*

The Committee is adamant that unless we get the legislative framework right, we cannot hope to improve public sector performance.

Mr Speaker, I commend the First and Second Reports of the Committee to Parliament.

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

That the Parliament take note of the paper and the debate be adjourned and made an Order of the Day for a subsequent sitting.

Debate adjourned.

**DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL –
PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF THE PAPER**

Mr ANO PALA (Rigo – Minister for Justice and Attorney General) – I present the following paper:

Department of Justice and Attorney-General –
Juvenile Justice, Annual Report, 2011

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

Leave granted

Mr Speaker, I rise to present the Annual Juvenile Justice Report, 2011 for the Department of the Justice and Attorney General.

One of the divisions within the Justice and Attorney General is the CBC, the CBC branch is responsible of the administration of Juveniles in Papua New Guinea under the Juvenile Justice Act 2014.

26 /03

In line with the National Juvenile Justice Reform Programme CBS's focus over the previous years has been the development of juvenile justice programmes is to advance implementation of reform systems that provide support to children between the ages of 7 and 17, who come into conflict with the law.

Mr Speaker, the reforms promote the use of alternate sentencing options where possible using restorative justice principles. This system not only recognises the issues of innocent children in PNG, but it also gives responsibilities to the community particularly, the parents working collaboratively with the community and formal court systems to rehabilitate children to become law abiding citizens.

Mr Speaker, this Report highlights the overall progress of the establishment of the reform systems in the provinces. It provides the progress of the juvenile justice service through key agencies, provincial implementation of Juvenile Justice Reform

systems challenges and volunteering, which have been a significant tool that has supported the Juvenile Justice Programmes since the reforms began.

Mr Speaker, the Report also contains statistics on juveniles in juvenile institutions which includes; those that have been diverted, arrested, charged, custodial, sentenced and non-custodial throughout the country. Regional community based correctional statistics are also provided in this Report.

Mr Speaker, an important component of the CPC and CBC juvenile justice responsibility is the administration of juvenile sentences to juvenile institutions. The Department of Justice And Attorney-General through the CBC provides financial support under their respective memorandum of understanding to the Scared Brothers, who run the three juvenile institutions in the country. These institutions are the; Erap in Morobe, Wewak Boys Town and Hohola Remand Centre in Port Moresby. In 2011, the Department of Justice and Attorney-General recognised the work performed by these institutions and have agreed to increase funding to the Hohola Remand Centre and Erap Boys Town.

Mr Speaker, the village Courts and Land Mediation Secretariat is also another branch of the Department of Justice and Attorney-General. In 2011, the village Courts and Land Mediation Secretariat, in partnership with UNCEF under the Child Protection Partnership Programme collaboratively provided various training to provincial village court officers, chairmen and clerks in relation to the implementation of the Juvenile Justice Reformation.

Mr Speaker, the village Courts and Land Mediation Secretariat also works on the amendment to the *Village Court Act 1989* to address children's' interests and protections of their rights.

Mr Speaker, the Public Solicitor's Office, Police, PNG Correctional Services and Community Development are key agencies in the implementation of the Juvenile Justice Reform. The Public Solicitor's Office has given focus towards the juvenile Court systems by establishing a section within the Office complemented with legal officers and other support staff, whose primary responsibilities include handling of juvenile matters.

Mr Speaker, the Office of the Public Solicitor has greatly facilitated the diversion and process of juveniles through its cells and prison visits, and legal representation in Courts. In 2011, lawyers from the Public Solicitors Office represented 30 juveniles in Court proceedings.

Mr Speaker, the Royal Papua New Guinea Constabulary plays an important role when juveniles are arrested. The Juvenile Justice Section in the Police Force is under the Community Policing Directorate.

27/03

Lack of capacity has been the major obstacle in effectively implementing the Juvenile Justice reforms within the constabulary because of funding issues. However, the increase in the number of police stations has assisted in information sharing and also collaboration with other stakeholders in the implementation of the juvenile justice reform.

Mr Speaker, the PNG Correctional Services continues to work towards engaging juveniles in meaningful rehabilitation programs for detainees. Six (6) corrective instructions had juveniles undertaking rehabilitation process through the various education and life skills programs including community work, gardening and beautification programs. *Page 7 of the Juvenile Justice Report 2011* reveals the number of juveniles undertaking rehabilitation process through the various educational and life skills programs.

Mr Speaker, the Department of Community Development is the agency mandated with the over-arching promotion and protection of the rights of every child in PNG, under the *Lukautim Pikinini Act 2009*. Legislative reform of the *Lukautim Pikinini Act 2009* has improved legal protection for the vulnerable children which has led to high level of collaboration between key stakeholders, including NOGs, faith-based organisations and community.

In 2011, the Department of Community development conducted trainings through-out the country to train trainers with NGOs, and government to provide case and support to children at risk. Awareness programs were also carried out including discussions on issues to assist key partners in implementation of the legislative reforms.

Mr Speaker, the United Nations Children's Fund (UNICEF) supported the various responsible agencies within the Department of Justice and Attorney General to improve the treatment of Juveniles through awareness, capacity building and improved monitoring systems. In 2011, UNICEF supported in sharing costs with various Juvenile Justice programs specifically with Police, CBC and the National Juvenile Justice Committee.

Mr Speaker, the Juvenile Justice Annual Report for 2011 also provides provincial reports on the progress and implementation of juvenile justice reform including statistics.

Mr Speaker, I would like to acknowledge and thank the key agencies such as Police, Justice, NGOs, and Magisterial and Correctional Services who have taken ownership in driving Juvenile Justice in their relevant jurisdiction the National Juvenile Justice Committee who have promoted collaboration and strengthened partnerships as part of government's policy directives.

I would also like to acknowledge the work of the respective members of the Provincial Juvenile Justice Working Groups in implementing the reform system in their different capacities as juvenile advocates including the communities.

Mr Speaker, with that, pursuant to Section 9 of the Juvenile Justice Act 2014, I now commend before this Honourable House the Juvenile Justice Annual Report for the year 2011.

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

That the Parliament take note of the paper and the debate be adjourned and made an Order of the Day for a subsequent sitting.

Debate adjourned.

SPECIAL ADJOURNMENT

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

That the Parliament at its rising adjourns until Tuesday 18 November 2014 at 2 p.m..

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 1.10 p.m..