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**LEE SIROTE**  
Acting Principal Parliamentary Reporter

**SIXTH DAY**

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Wednesday 18 February 2015

DRAFT HANSARD

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## SIXTH DAY

**Wednesday 18 February 2015**

The Deputy Speaker (**Mr Aide Ganasi**) took the Chair at 10 a.m..

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

Sitting suspended.

The Speaker (**Mr Theo Zurenuoc**) again took the Chair at 10.40 a.m., and invited the Member for Chuave, **Honourable Wera Mori** to say Prayers:

‘Tenkyu Papa God for this day. Lord God, we thank you for coming here, knowing that we all draw our strength from you.

Lord we pray for your guidance, your wisdom and your leadership, Lord, as we deliberate to make laws and policies for the people of this country whom you have created, and left in abundance.

This morning oh God we pray for the Prime Minister and his Cabinet. I also pray for the leader of the Opposition. Lord you will lead and guide us and in all we do we must bring glory and honour to you.

Lord we come before you to deliberate in today’s session and we are thankful that we are able to say the very prayer that your Son, our Lord Jesus taught us to pray. Amen.’

## QUESTIONS

**Mr KELLY NARU** – I thank you, Mr Speaker, for recognising the people of Morobe, and for giving me the opportunity to ask my questions that are directed to the Minister for Lands and Physical Planning.

Mr Speaker, a piece of land in Lae city described as Section 375, Allotment 7, situated at the old Lae airport is zoned as a public institutional land. It was earmarked for development purpose for use by the Judicial Services Sector.

It was intended for construction of a court building complex to replace the current court building complex at uptown Lae.

Mr Speaker, based on that, serious planning and discussion have been held by the Judiciary and the Morobe Provincial Government to develop that land. A certificate authorising occupation was sought by the Judicial Services Department.

However, the Lands Department through its allocation section then in its wisdom decided to change the land zoning from public institutional zoning which was contrary to the Town Planning prescribed land zoning to a commercial used zoning. The land was advertised and the Lands Board allocated the land to a private interest.

Mr Speaker, on 2 March 2014, during the Morobe Province Lands Board Swearing-In, the Lands Minister made an undertaking and it was also reconfirmed by the Lands Department Secretary, Mr Romley Kila Pat, that no land dealings in Morobe Province will be approved without the screening and recommendation of the Morobe Provincial Lands Board.

This appears now not to be the case. The Judicial Legal Services Division in particular the Judiciary has now appealed against the granting of that land.

## **02/06**

Mr Speaker, how much more ridiculous, narrow-minded, incompetent, unprofessional and unreasonable can the Lands Department and its officials be?

Mr Speaker, my questions are as follows;

(1) Can the Minister confirm that Section 375, Allotment 7 in Lae City is zoned as public institutional land and not commercial?

(2) If this land is zoned as public institutional land;

(a) Can the Minister take action to remove the commercial grant that was awarded to a private party?

(b) Assist in issuing a certificate authorising occupancy to the judicial services department for them to start work on the construction of the Lae Court complex; or alternatively deal with the appeal by the judicial services department that is now before the Minister?

(3) Can the Minister give an undertaking to the Morobe people and the Government that all land matters not been screened and deliberated by the Morobe Provincial Lands and Physical Planning Board must go back to be considered by the them before coming to the Minister for his deliberation?

**Mr BENNY ALLEN** – Mr Speaker, I thank the Honourable Governor of Morobe for his series of questions, and I also take this opportunity to thank the Morobe Provincial Government under the Governor for taking on the land reform in establishing the Provincial Lands Physical Planning Board.

Mr Speaker, those provinces that have established the Lands and Physical Planning Board will be dealing with land issues in their respective provinces.

The provinces that are yet to establish a Provincial Lands and Physical Planning Board, all land matters will be referred to the National Lands and Physical Planning Board to screen their applications.

In regards to this issue that the Honourable Governor has raised on Section 375, Allotment 7, I am not well versed with that. I need to verify with the Department to confirm the concerns the Governor has raised.

Mr Speaker, if that particular concern has reached the National Lands and Physical Board and have delivered its application it would have been dealt with by the Land Board last year.

If the aggrieved applicant has lodged and appealed to the appeals tribunal all applications are now with me and I will be looking into the appeals after they have gone through the process.

**03/06**

I will make a decision on that particular item but if any land is allocated for public purposes or for public institutions, in this case for the judiciary to build a court house for Morobe Province, no one should re-zone that land for commercial or any other purpose.

Let me also make it clear to the Parliament and the people of Papua New Guinea that in terms of allocation of any alienated land or State land the process starts with the Physical Planning Board of the respective provinces.

In this case the Morobe Physical Planning Board will have to look at the re-zoning and give approval to any physical plans that is done by anyone within the province or any applicant.

The Lands Department does not start the process of allocating any land. For example, in NCD, the NCD Physical Planning Board starts the process. An applicant identifies a piece of land, comes to the Lands Department and confirms that it is vacant State land, then he goes back to the NCD Physical Planning Board with his plan and the Physical Planning Board approves it. Upon that approval, the applicant then fills out an application to apply for that vacant land to the Lands Board who can approve or disapprove that application.

Sometimes people take it for granted that every land that is allocated to someone starts with the Lands Department. Lands Department does not start the process. So when you talk about land grabbing and all that, the Physical Planning Board needs to be blamed for all that.

The Lands Department only screens the application after the approval is granted by the Physical Planning Board of NCD or Morobe or other provinces that have their physical planning boards.

Mr Speaker, I will look at it and if there is a need for me to recall the title, cancel it and bring it back to issue a CAO we will do that in the interest of the nation and not for any individual.

**Mr JOE LERA** – My questions go to the Commerce, Trade and Industry Minister, and I ask the Foreign Affairs and Labor ministers to take note.

(1) Does the Government have any legislation in place to control foreigners who are engaged in SMEs reserved for Papua New Guineans?

(2) If not, does the Government have any plans to legislate or strengthen the law, if there is one, to deal with this issue?

I ask this in the light of what is happening in Bougainville where foreigners are coming in numbers to take SMEs traditionally reserved for Papua New Guineans, especially in trade stores, wholesaling and fast-food businesses.

(3) Can the Foreign Affairs and Labour ministries also assist by conducting investigations to determine if these foreigners are coming into the province following the Foreign Affairs and Labour laws, and appropriate action taken on those found illegally entering the province and engaging in SMEs reserved for Papua New Guineans?

**Mr RICHARD MARU** – Thank you, Mr Speaker. And I thank you for the very important questions which appear in the papers every day.

**04/06**

I am happy to inform Parliament that all the consultations for the new SME Policy and master plan is complete and in the next two weeks the list of all the reserved activities and the proposed legislation will go to Cabinet for consideration.

Following consultations with members of the public and with Parliament, our proposal will be that, businesses which require an initial investment of K10 million or under must be restricted purely to Papua New Guineans. In other words, foreigners with no more than K10 million should never be allowed to come into the country in the first place. Therefore, they cannot open small shops or other smaller businesses. That will be our proposal that will go to Cabinet and I expect the full Cabinet led by the Prime Minister to give me support to bring new legislation to Parliament for enactment.

I am also happy to announce that the Attorney-General has now provided funding for the legislation to be drafted. We already met with the lawyers and the draft legislation is being drafted with the plan that the legislation will come to Parliament in the May Sitting.

This is a concern for all our citizens and it is appearing in the papers every day and our plan will be implemented over a three-year period. This will see that all foreigners involved in reserved businesses must leave the country and they must go for the time has come. However, we cannot just throw them out of the country. We must buy the businesses responsibly and ask them to leave.

That also means that we must now re-capitalise the National Development Bank (NDB) in a serious way and find the Papua New Guineans and basically bankroll them into taking over all these businesses. Therefore, it is not only about legislation but we must also provide the

budgetary support to empower our people to be able to buy out those businesses and ask our friends to leave in a proper way. This will then send the right message to investors.

I have to say here that, this idea is to not stop foreign investments for we need foreign investments to continue in Papua New Guinea. But they should invest in where we really need them to invest in the big multi-million kina industries where we require foreign investment, and they should leave alone the reserved businesses for our citizens.

Therefore, this legislation will be coming to Parliament in May and I expect the support of everyone at that time.

Thank you, Mr Speaker.

### **Supplementary Question**

**Mr DON POLYE** – There are already existing SMEs and other medium size enterprises in PNG who have contracted or signed contracts to benefit from the LNG construction phase businesses. Unfortunately, the construction phase was completed ahead of time according to the information available by 12 or 24 months. Therefore, these businesses who were engaged to provide services are suffering because they do not have the cash flow to repay their bank loans.

Mr Speaker, does the Government have any rescue package to assist these businesses? For instance, trucking businesses that had contracts with the LNG project are now going into bankruptcy because they could not meet the loan obligations when the construction phase finished ahead of time.

Therefore, does the government have any plan in place to rescue these trucking businesses or other service providers who are suffering because of this dilemma which I just described?

Thank you, Mr Speaker.

**Mr RICHARD MARU** – Mr Speaker, I would like to thank the Leader of Opposition for a very good question.

I have not been approached by any specific Papua New Guinean companies that are going through this problem. On the other hand, I do know that there are a number of companies



that had contracts with the LNG Project but they were for very specific periods of time. And those contracts were basically given during the construction phase of the LNG which has come and gone.

If there are any specific companies whose contracts have not been attended to, then I am sure we can look at the specific aspects if they could approach my office. I am sure we can have a look at that and try to assist them.

Thank you, Mr Speaker.

**05/06**

**Dr ALLAN MARAT** – Mr Speaker, my question is directed to the Minister for Higher Education, Research Science and Technology. I have been reliably informed that the Department of Higher Education, Research, Science and Technology has given official recognition to Jubilee University. It is a church-run University and that recognition was given last year.

What financial and technical steps has the Government taken to show its commitment to take Jubilee University further into its fold of Papua New Guinea's official University or becoming a higher institute of learning?

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

Jubilee University is an institute and I think that's the status that was granted early last year but I will have to find out more on that. I am also yet to answer previous questions raised last week by the Governor of Milne Bay, Member for Rabaul and Member for Bulolo. I will seek leave some time later to respond to their questions. Thank you.

**Mr SAM BASIL** – Thank you, Mr Speaker. I direct my questions to the Minister for Works.

Mr Speaker, my questions are on the Kumalu bypass. I want to remind the Minister again that the Kumalu bypass is the road that has to be travelled in order to reach Wau and Menyamya. It is also used by PNG Forest Products to send its products down to Lae for shipment and Hidden

Valley Mine also uses that same road. It is an active business that is paying dividends into the Government purse and I believe it is a very important road.

Mr Speaker, in 2012, K14 million was approved for the road and in my recent visit only 10 kilometres of road was done up. I believe that it normally takes K200 000 to K500 000 maximum for a pilot TAD and the K1.4 million has only been used for 10 kilometres pilot TAD with no bridges.

(1) What is the actual rate used by the Department of Works in terms of cutting up a pilot project road such as that?

If that money was given to the district, we would have completed the work on that road by now.

(2) Can we look at all the contractors that were given that job, why are they charging too much and why are they consuming too much in millions of kina for just a small road project with less kilometres and nothing to show for?

Mr Speaker, I would like to ask the Minister that any future funding should include the Kumalu to Menyamya or parts of the Bulolo road.

**Mr FRANCIS AWESA** – Thank you, Mr Speaker.

I thank the Member for Wua Bulolo for his questions. A major landslip happened on that part of the road some three years back and K14 million was allocated in 2012, which is correct.

At this stage some money has been spent, but I can't tell you exactly how much was spent on the Kumalu bridge bypass. I can check and inform the House and honourable Member later on. I want to also inform Parliament that this is a very difficult area to build a bridge because the river constantly changes course every time there is heavy rainfall and it has been like that for many years.

**06/06**

We are looking at options to the eastern part of the range. We have tried to cut through but it is very difficult because you will pass through some of the most difficult terrains. The land is not stable and when we try to clear it there are always landslips. But we have to seriously consider this road access through Wau and Bulolo because these two districts are important

districts in Morobe Province because of the mining operation in Hidden Valley and Wapi. Therefore, Government is seriously looking at fixing these roads and bridges for the long term benefits. Starting next year we will allocate more funds to these roads. I personally travelled this road few times last year and appreciate the importance of these roads.

In conclusion, we have not exhausted all the funds from the K14 million Budget allocations, therefore, I will inform the Member on the use of the funds in detail in due course.

In terms of further maintenance, we will allocate some money for these roads through Wau and Bulolo.

### **Supplementary Question**

**Mr KELLY NARU** – Thank you, Mr Speaker, my supplementary question is in relation to Kumalu River. For the particular road that we are talking about, the immediate issue now is for the traffic to flow smoothly without hindrance when flooding occurs. We need an urgent and immediate construction of two bridges so a contract was awarded to a contractor to construct these two bridges.

My question is; how soon is the work going to start on the two bridges so that it brings some comfort to the traveling public of Wau, Bulolo and Menyamya?

**Mr FRANCIS AWESA** – Mr Speaker, I thank the Governor of Morobe for his supplementary question.

In relation to the two bridges I am not aware of the contractor that is on site to build these two bridges. But I assure the Governor that I will check and let him know at the end of the meeting.

**Mr ANTON YAGAMA** – Thank you, Mr Speaker, for recognising the people of Usino-Bundi. I direct my question to the Minister for Sports.

Today's newspapers reported that venues may not be complete. The Minister has been on the front-line doing his best to ensure that the facilities are completed for the upcoming South

Pacific Games. And he assured this Parliament and the people of PNG that all the facilities will be ready on time for the Games.

But now in today's daily newspaper, the Minister said and I quote 'some venues are being built in stages and will be ready for use during the games, while stages two and three will be complete, according to building plans.

**07/06**

If this quotation is correct, this is the first time that the Minister has informed us that certain facilities are being built in stages.

This was never mentioned before, so can the Minister clarify as to whether the facilities will be ready for use before the Games commence?

**Mr JUSTIN TKACHENKO** –Thank you, Mr Speaker. And I also thank the Member for his question. Newspapers like to put outstanding and controversial headlines to sell papers. The situation is that the Games will be ready by July 4, 2015. As I have continuously stated; the stages are for the sporting stadiums and most of it is referring to the Sir Hubert Murray Stadium.

The first stage will be complete with the grandstand and this will be ready to host rugby league and union games while the second stage will be completed after the Games.

Also it must be understood that our Government and my ministry have created miracles to ensure that we get these Games ready before July 4, for other Pacific countries to come to Papua New Guinea.

We have had only two and half years to make these games possible despite being given the opportunity to host the Games six years ago. The previous Government sat on it until the current Government came on board and decided to act on it. The situation is that we are moving full steam ahead and the facilities will be ready before the start of the Games.

We look forward to the arrival of the Pacific Island sporting teams but I am trying to work out what satisfaction do people have in down grading the Pacific Games all the time. What is their motive; do they want us to fail? However; as far as I am concerned, we will not fail.

These Games will be the biggest success that this country has ever seen as a national event. And we will win more medals and stand up with pride when we hear our national anthem being played through the duration of the Games.

The facilities and the games will be ready before the Games commence on July 4, 2015. And I encourage everyone to be positive about what we are trying to achieve for our country through sports.

### **Supplementary Question**

**Sir MICHAEL SOMARE** – This morning, I drove towards the Sir Hubert Murray Stadium and from what I saw, it looks as if this stadium will take a year and a half to complete. It is a new stadium and I believe this is how long it will take before it is completed.

The Minister responsible is saying that it should be ready by July, but we are only four months away and I believe the facilities are not ready. I know the plans were made six years ago but there was no money to begin work then. Now there is money through LNG that we made possible and the facilities are not ready.

The facilities should just be upgraded and maintained, not building a new one that will take a year or so to complete. In 1969 we hosted the South Pacific Games out of nothing.

Can the Minister inform the Parliament as to whether the Games are ready, especially the facilities, otherwise it should be deferred because even the swimming pool is not ready.

I don't live idle in the city, I go around and see what is happening, I have been living here for more than 60 years.

*(Laughter in the Chamber)*

**08/06**

I became a teacher and then became a Member of Parliament. These things will not come out as quick as possible and it is good that this issue should be clarified so that we Members will know that this is true and that it will occur.

You said that it would occur in July and we all also want it to occur in July because we want to promote and support you. Nevertheless, the contract that was given looks as if things will not be ready in time. Therefore, I was just trying to make good suggestions with the supplementary question and not trying to find fault in you.

With that, the Minister must honestly inform the Parliament on the progress and must not feel uneasy around us Members of Parliament.

**Mr Charles Abel** – Point of Order! Mr Speaker, I think that this question has been repeated time and time again on this Floor of Parliament.

Therefore, I do not think that the Minister can be any clearer to Papua New Guineans on this Floor of Parliament about when these games facilities will be completed. Why then do we persist with this line of questioning? It has already been answered several times already, Mr Speaker.

**Mr SPEAKER** – Thank you, Minister, your point of order is in order. Honourable Minister, you do not need to answer this question.

**Mr CAMILLUS DANGIMA** – Thank you, Mr Speaker, for recognising the people of Kerowagi.

Many a time the Electoral Commissioner through the media talks about transparent electoral process and that he wants the electronic polling system to be implemented.

As the Member for Kerowagi, my people need transparent elections and I have been out spoken about this system so that my people can go through a transparent election.

My question is therefore directed to the Prime Minister as this regards Electoral Commission matters.

- (1) When will the new polling system be implemented to promote transparent elections?
- (2) Is there funding to carry out its implementation?

**Mr PETER O'NEILL** – Thank you, Mr Speaker, and I would like to thank the Honourable Member for Kerowagi for his questions.

Mr Speaker, I would like to inform Parliament that our National Planning Department who is taking charge of National ID Programme is very much in discussion with the Electoral Commissioner to jointly facilitate the ID programme for additional purposes as well.

Mr Speaker, that work is going very well and I would like to assure you that we are inline of launching this programme on Monday next week. This will be the start to initiate the registration programme all throughout the country.

Mr Speaker, this is an important programme where we will have statistics about what sort of level of population we have, how many people are eligible to vote, how many children are going to schools and how many people use the health services. Therefore, this programme has a huge implication on how we plan to do and manage services that we are going to rollout to our people in the country and into the future.

So, I can assure the Honourable Member for Kerowagi that the Electoral Commissioner and the National Planning Department will have a Common Roll that we can be all proud of in 2017. This is, so that, we can have an electoral process that is fair and transparent with the election of leaders to Parliament, and the other elective governments in the country is done in a fair and transparent matter.

Thank you, Mr Speaker.

### **Supplementary Question**

**Mr KERENGA KUA** – Since the Prime Minister is answering this question, can he also advise the Parliament whether both identification processes will include voting by fingerprinting?

This is because voter integrity checks are important.

**Mr PETER O'NEILL** – I am not certain about the fingerprint voting method but identification of citizens will be carried out in this National ID Programme. We will try to develop it stage by stage so that we do not confuse our people. There has been all sorts of information that have being circulated all throughout the country.

Nevertheless, firstly, it is to register everybody so that we can have a good Common Roll with a visual identification of all citizens of this country.

Thank you, Mr Speaker.

**09/06**

**Mr MARK MAIPAKAI** – Mr Speaker, I direct my questions to the Minister for Forests.

For Parliament's information every timber operator in this country pays a levy of K8 per cubic meter for the landowners' development projects. I am reliably informed that a sum of K130 million, the Resource Owners Development Levy, has gone out from the Forestry Trust Account and into the consolidated revenue of the State.

Can the Minister deny or confirm this statement?

**Mr DOUGLAS TOMURIESA** – Thank you, Mr Speaker. I would like to take this opportunity to thank the Member for Kikori for this question. Let me answer it in a very short manner.

Mr Speaker, the money is still parked where it is. It has not been misused. It is for the logging districts and is safeguarded. I have spoken to the Minister for Finance two weeks ago and so that money is parked away for the purposes of LEDL.

**Mr KILA HAODA** – I direct my question to the Minister for Education, Honourable Nick Kuman.

Mr Speaker, under the new school structure 266 which is two years of elementary, six years of primary, six years of secondary including grade 11 and 12, what is that status of national high schools in the country?

**Mr NICK KUMAN** – Thank you, Mr Speaker. I thank the Governor of Central Province.

Mr Speaker, the reform was announced mid-last year. There are two reforms in the system that need to be implemented. One of which is the third base education and the exit of OBE.



We have started this year. We will continue over a four-year period. We should fully implement the standard base education by the year 2018.

The second part of the reform is the 266; two years of elementary, six years of primary system and six years of lower and upper high school. We have yet to finalise the reform. We have not gone back to the National Executive Council to look at the details and how this program can be structured and implemented. The Department is anticipating that this program will be implemented in 2016 and run for four years.

In response to your questions on national high school, which will now be called the school of excellence, you will recall two years ago when the 266 idea was mooted, one of the issues raised was national high schools.

The national high schools was established to cater for grade 11 and 12 in the old system of education. That system is now decentralised and we have high schools throughout the provinces including secondary schools. The idea is that the national high if it continues to remain in the current form will be relooked again including the 266.

I will be making an announcement later together with the 266 structure and how it will be rolled out in the country.

I want to also inform the Parliament that the 266 education structure will allow every child that enters the elementary school to continue onto grade 12 so that no child is left out. I am aware of the two dailies running a story yesterday about some 600 students being left out of the system, including grades 8 and 10 students.

## **10/06**

When the 266 is structured properly and implemented, you will see every child will go right through from Elementary to Grade 12.

We will also relook at the School of Excellence, either it will stay in the same form or we will make sure that dedicated secondary schools in every province will cater for the school of Excellence in the provinces.

We will look at National High Schools and consider its current status.

## Supplementary Question

**JOE KOIM KOMUN** – Mr Speaker, I thank the Minister for Education for the efforts his department is putting in trying to change the whole education system in our country.

Mr Speaker, in our efforts to improve education, students need to be assured of a path they can take.

Can the Minister consider looking into the kind curriculum and academic programs in this country?

**Mr NICK KUMAN** – Mr Speaker, I thank the Member for Anglimp –South Waghi for his supplementary question.

Mr Speaker, the OBE Education system was penned to get the students right through to the tertiary institutions but failed. That curriculum was a failure.

Now we are reintroducing the standard base education. The main stream education is basically to prepare students to get into tertiary education and in order to get into the tertiary education, the Education Department is tasked with the primary responsibility to ensure that every child coming into the school system are prepared to get into tertiary institutions. That is how the curriculums are developed.

Mr Speaker, as a Government, we fully appreciate the magnitude of problems that this country faces every year and every day.

In 2014, 19 000 grade 12 students came out of that system and only 5 560 entered the tertiary institutions. So what happens to the rest of the students? It is really a brain drain in this country.

The Government is serious and it is now committed to ensuring that technical institutions will be enhanced and promoted so we capture more than 50 – 60 per cent of dropouts in grade 12.

So we are encouraging that every district should have a vocational school. Every Province should have a technical training institution and by region we should have polytech schools. All grade 12 dropouts should enroll in technical schools.

**11/06**

This is where different skills are taught so that they become useful citizens of this country. We will have skilled and semi-skilled labourers, not only to seek employment but they can also be able to build houses in the rural areas. They can do carpentry work, they can do electrical work and they can do things that we ourselves can do in this country. They can also go into farming or plant citrus fruits.

So, the Government is committed, you know that last year we approved three polytech institutions to be built in this country to support the two existing ones. And we are also going to go into partnerships with the provincial governments to build technical training colleges in every province in this country so we can capture the students who come out of grade 12 into those institutions so we can train them to become useful citizens of this country at their community level.

So instead of going back to grade eight and then you allow students to proceed to grades nine and 10 as was the case in the 70s and 80s where they were forced into technical training programmes, this has now been decentralized to the provinces. So I urge all the governors to become partners in the education system so we can all work together to cater for the needs of this country.

**Mr AIDE GANASI** – Thank you, Mr Speaker. My questions are directed to the honourable Deputy Prime Minister.

(1) Can the Deputy Prime Minister please confirm the story carried on page six of yesterday's edition of *The National* newspaper which mentioned that a sum of K30 million earmarked for the Kangu Border Post in South Bougainville and Weam Border Post in South Fly District of Western Province was diverted by the Border Development Authority and used instead to purchase seven second-hand barges?

Mr Speaker, the development of these two border posts are supposed to be an integral part of the country's National Security Plan given the strategic land and sea boundaries we share with Solomon Island, Australia and Indonesia.

Mr Speaker, speaking from the Western Province experience my electorate has become a key transit point for major smuggling operations. Smugglers are not only bringing in firearms

and contraband goods but they are coming into my electorate at will and are depleting our marine flora and fauna and other wild livestock.

The Weam Border Post was supposed to be built in 2000 and 2009 to help monitor the movement of goods and people along the border where the country is losing millions of kina in revenue because of the smuggling activities taking place.

(2) If yesterday's newspaper reporting is true, can the Deputy Prime Minister give an undertaking that he will reinstate our funding, especially for Weam so that we can build our border post.

**Mr LEO DION** – Thank you, Mr Speaker, for the good questions from the Deputy Speaker who is also Member for South Fly. To answer his questions, quite frankly, I do not believe that the editorial contained in one of our newspapers is true.

We have all heard the questions being raised on the effectiveness and also the mission and objectives of the Border Development Authority.

**12/06**

There have been reports from the media that there has been misuse of funds that belonged to the Border Development Authority in the past. Since I took office as the Minister for Inter-Government Relations, I am also the Minister responsible for the Border Development Authority. Since taking up office, we have also inherited this organisation where within its capacity and through funding from the National Government we have been making progress with positive outcomes in terms of our six border provinces in the country.

As for Weam in the South Fly, we have plans in place provided that sufficient funding is made and allocated to the Border Development Authority.

As for the reports of K30 million being diverted to purchase boats, I would like to say here that, this is not true. The six vessels that are currently with the Authority are performing their dual functions in relation to helping the communities, especially out in the maritime region, as well as the Western Province.

Due to the lack of funding these vessels are now operating commercial to raise funding to make sure that their community obligation is carried out. The border areas of these six provinces

is very sensitive especially these two provinces; West Sepik and Western Province. Therefore, we have taken note of this and we will continue to make sure that their appropriate funding are made available to enforce and re-enforce work that the Border Development Authority needs to carry out in those areas.

Right now, in the West Sepik Province, and I think that the government must be proud of what it has achieved regarding the border administration facility that provides services for trade, immigration and any law and order issues that arise on both sides of the border.

Mr Speaker, I believe I have sufficiently answered the question. Thus, K30 million was not diverted to purchase boats.

Thank you, Mr Speaker.

### **ANSWERS TO PREVIOUS QUESTIONS**

**Mr MALAKAI TABAR** (Gazelle – Minister for Higher Education) – I ask leave of the Parliament to answer the previous question raised by the Governor of Milne Bay, Honourable Titus Philemon.

Leave granted.

Thank you, Mr Speaker for allowing me to try and give some answers from last week. I think the Governor of Milne Bay had a question on Wednesday; Members for Rabaul and Bulolo had questions on Thursday. And yesterday, there were some questions again, and I am keen on giving information regarding our higher learning institutions.

Mr Speaker, firstly, I would like to say that, there is a high expectation that every Member of Parliament in the districts and governors are expected to pay moneys to the universities for students.

I do not think that there is any law or policy – this morning on the radio some people from East Sepik, with due respect to the Governor of East Sepik were stating their demands. These sorts of demands I see are happening and there are some Members of Parliament who are

affectively not keen to take that path. And we should respect the decisions of the chairman of the Joint District Budget Priority Committee of that district or the Governor of that province.

### **13/06**

It was raised in the media that some students are abusing the process by getting money from TESAS or the scholarship provided by the Government. They also receive money from their parents as well as their local Members and then they ask the universities to refund some of these moneys to them.

The universities have been told they can only refund to the students what is rightfully from their parents or guardians, that is if their parents paid for their school fees without knowledge that the Members also paid these same fees through the scholarship. For example if the parents paid K6 800 for the two semesters per year, the university can only reimburse the moneys paid for by the parents. However, if the Department, the Member and the Scholarship Office has exceeded the required school fee amount, then university should not reimburse any money to the students except the amount which was paid by the student's parents.

As for the question by the Governor of Milne Bay, previous experiences is that we have given guarantee letters to this higher learning institutions but they don't accept our letters. I have been told by the registrar and admissions officer that these letters don't mean much as previously other Members did not honour their guarantee letters in paying up their fees. I believe we Members can make arrangements with the Treasury and Finance where some money is held in trust and before the opening of accounts, especially during the opening of the academic year, these moneys can be paid to the universities to allow the universities to accommodate and register the students concerned. However, that is an arrangement that can be done within the provincial budgetary arrangements of the district budget priority committee.

I thank the Member for Rabaul for that elaborate question. You did a lot of research work. We met with the Chancellor of that Institution and we have written a letter as chair of the counsel and we have been instructed to take necessary action and we expect something to come out of that. I will basically bring back the results to this Parliament.

As for the issue regarding the Lutheran University, I have asked the head of the Lutheran Church to give us some explanation. I believe there is a rift between the Gutnius Lutheran

Church and the Evangelical Lutheran Church, however, those are their inhouse matters but they have sorted it out. Their response is the establishment of the Lutheran University will come about by merging the Martin Luther Seminary and the Balob Teachers college in Lae. For the benefit of Papua New Guinean and this Parliament I have sent them a letter requesting a financial report or progressive report regarding these arrangements and I will be bringing that to Parliament soon. I once again thank the O'Neill –Dion Government for their assistance towards the students. There are funds available for universities and we are working hard.

**14/06**

It is very important to educate the parents or upcoming parents to prepare in advance for some of the challenges in life before having kids. If you are planning to have kids, you must also plan on how to pay for their school fees.

You should not wait until the offer letter is given for your child to go to school and you go running after your Member for school fee assistance. No, you must plan for two things at the same time; plan on the number of children and also plan for their school fees as well. That is the fact and we have to educate our people.

During lunch hour today the Minister for National Planning will launch the Population Policy, and I congratulate the Minister for this initiative because it is very important for our country.

Therefore, I urge all members of Parliament to support this policy so that it strengthens our people because our economic growth rate is running behind our population growth rate.

And translating it to reality, we are making a lot of babies and not making even money, thank you.

### **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 the Minister for Fisheries and Marine Resources presenting the Fisheries Management Amendment Bill 2015.

**FISHERIES MANAGEMENT (AMENDMENT) BILL 2015**

**First Reading**

Bill presented by **Mr Mao Zeming** and read a first time.

**Second Reading**

Leave granted to move the Second Reading forthwith.

**Mr MAO ZEMING** (Tewai-Siassi – Minister for Fisheries and Marine Resources) – I  
move –

That the Bill be now read a second time.

Thank you, Mr Speaker. As the Deputy Leader of the People's National Congress led coalition Party and since this is our first Sitting of 2015, I would like to welcome all honourable members and take this opportunity to wish you all a belated happy new year and look forward to working closely with you all for the good of our country and its citizens.



Having said that, Mr Speaker, as Minister responsible for the Fisheries sector in this country, I would like to inform this honourable Parliament that the recent Amendments that were made to the *Fisheries Management Act of 1998* in assisting the Authority respond to urgent outstanding compliance issues raised by the European Union under the Commissions Regulations of 2008 and about 1005 on the illegal unregulated and unreported fishing practices that rendered the essence of the yellow card to PNG for non-cooperation to the relevant European Union market access requirement on 10 June 2014.

**15/06**

Following from the issuance of the yellow flag, the European Commission gave PNG a six months ultimatum deadline period to rectify all the issues identified as outlined in their letter of notification. Failure of which would render PNG being red-flagged or banned from exporting any fish or fish products, under the duty free and quota free interim Economic Partnership Agreement which we have signed, ratified and currently exporting to the EU market.

As a result an action plan was prepared by PNG and submitted to the EC by myself as Minister responsible on 16 July 2014. The Action Plan included a commitment to update the *Fisheries Management Act 1998* in order to address outstanding issues identified by the European Union. The proposed amendment will give effect to certain international law, enhance enforcement and generally improve levels of fisheries governance.

The National Fisheries Authority, apart from having internal staff meetings on the amendments has done wider consultations with relevant line departments, like the State Solicitor's office, Office of the First Legislative Council, the Constitutional and Law Reform Commission, the Defence Force Maritime Element, National Agriculture Quarantine and Inspection Authority, Customs and National Maritime and Safety Authority.

The NFA has also done assessment with the fishing industry in this country. The proposed amendments have been prepared with technical assistance of two consultants namely, Professor William Eddeson, an international law expert and Mr Steven Dunn, a fisheries expert who was sponsored under the Pacific Islands Forum Agency Technical Fisheries Support program.

The proposed changes to the *Fisheries Management of 1998*, is that the broad trust of the proposed amendment would;

- a) Enable the Act on conservation and management objectives to be consistent with international law and other modern fisheries management instruments;
- b) Ensure PNG would give effect to the international conservation and management measures as they are adopted;
- c) Ensure management plans and provisions are transparent;
- d) Provide explicit provisions for the refusal, suspension or cancellation of a license under certain conditions;
- e) Provide for the introduction of port state measures relating to a standard inspection regime for fishing vessels entering designated PNG ports;
- f) Provide for the definition of vessels not in good standing to include various regional registers and for license applications to require additional information to be collected related to beneficial ownership and vessel history;
- g) Provide for an enhanced sanctions regime involving higher penalties, penalty notices and provisions for repeat offenders;
- h) Require the summary administrative panel to publish details of its determinations and give it the power to order the forfeiture of seized equipment and fish;
- i) Provide for enhanced high seas enforcement powers; expand the definition of electronic evidence;
- j) Provide for NFA to enter into non-binding memorandums of understanding with bilateral fishing partners to complement current access agreements;
- k) Provide PNG nationals who have committed a fisheries offence overseas to be prosecuted under PNG legislation, and
- l) Provide enhanced governance by allowing the board to continue to function in the event the appointment of certain members should lapse.

### **The purpose of the Changes**

The principle purpose of the changes to the *Fisheries Management Act 1998* is to update the current *Act* and to address the specific concerns raised by EU about the current fisheries governance regime.

The 1998 Act was a very comprehensive and overall effective act for its time but it is considered to need updating to incorporate changes that have occurred in the international law since then. As well as accommodating the impact on the convention on the conservation and management of highly migratory fish stocks in western and central Pacific Ocean on the domestic law of PNG and increasing the coherence of the enforcement sanctions scheme.

The Act as a whole should be thoroughly reviewed and revised, however that is likely to take a long process of two or more years.

## **16/06**

In view of the timetable set by the European Union for this process, the approach adopted here is to focus on the principal amendments needed to address concerns raised in the European Union Commission notification of the possibility of Papua New Guinea being identified as the non-cooperating country under the European Union's illegal, unreported and unregulated fishing regulations. This is without prejudice to the possibility of a longer term and more comprehensive revision.

To give effect to the recommendation content in this review, specific legislation proposals are being prepared for the consideration of the Papua New Guinea Office of the Legislative Council prior to tabling in Parliament.

Mr Speaker, constitutional implications under the *Constitution* of Papua New Guinea *Section 117* provides '*Notwithstanding the consent of Papua New Guinea to be bound as a party to a treaty, no treaty forms part of the municipal law of Papua New Guinea unless, and only to the extent that, it is given the status of municipal law by or under a Constitutional or an Act of the Parliament.*' This forms the basis of the consideration by the bodies responsible for the drafting and reviewing of the legislative proposal.

Mr Speaker, the *1998 Act* was intended to give effect to the 1982 United Nations Convention on the Law of the Sea, hereafter referred to as the 1982 Convention and the agreement for the implementation of the provisions of the United Nations Convention on the Law of the Sea of 10<sup>th</sup> December 1982, relating to the conservation and management of the straddling fish stocks and highly migratory fish stocks hereafter referred as the 1995 United Nations Fish Stock Agreement. However, like many laws enacted at that time for that purpose,

such laws benefit from updating to ensure that the current, more wide-ranging obligations in the modern international laws of fish can be given legislative effect.

Mr Speaker, the European Union visited the National Fisheries Authority from the 3<sup>rd</sup> to 4<sup>th</sup> December 2014 and among other things requested Papua New Guinea to provide the draft amendments to European Union which was completed through National Fisheries Authority and made available to European Union.

Papua New Guinea led by the National Fisheries Authority had another consultative meeting with the Director-General of the Fisheries and Marine Affairs, DG Mare of the European Union and Mr Caesar Deben on 9 December 2014 in Apia, Samoa to provide an update on the outstanding issues and National Action Plan outline. This meeting was specifically focused on the progressive update by PNG on the status of progresses in addressing compliance issued since the notification of the Yellow Card in June 2014. Papua New Guinea requested the European to take note of the implementation progress of the reforms and sought an extension of one year to allow for the reforms to take effect.

In that meeting, DG Mare welcomed the positive cooperation and development undertaken by PNG in addressing the five outstanding issues highlighted by the European Union in its letter that yellow-flagged PNG which specifically acknowledged PNG the positive development in the review of the *Fisheries Management Act*. DG Mare expressed satisfaction with PNG's effort and agreed to seek from the European Commission an extension of six months for PNG Authorities to address the remaining outstanding issues with a follow-up meeting within three months which was tentatively scheduled to be held on 26<sup>th</sup> and 27<sup>th</sup> March 2015 in the Japanese Capital of Tokyo.

Mr Speaker, the State Solicitor's Office of the Department of Justice and Attorney-General has given legal clearance and issued a certificate of necessity on 9 December 2014 indicating that the proposed amendments are necessary to achieve the stated policy objectives.

The National Executive Council during its first meeting on 29 January 2015 endorsed proposed amendments to the Act as per the draft that I had recommended. The Office of the First Legislative Council to amend the *Fisheries Management Act* of 1998 for an Act entitled Fisheries Management Act 1998 as amended which Cabinet approved yesterday.

Mr Speaker, may I remind this Parliament that the renewable resource sector such as Fisheries are scientifically and technically cumbersome and can only remain beneficial to us as a nation if outstanding technical issues such as these are addressed on time.

**17/06**

Mr Speaker, may I remind this honourable House that renewable resource sector such as fisheries are scientifically and technically cumbersome and can only remain beneficial to us as a nation if outstanding technical issue such as these are addressed on time.

It is therefore of great importance to Papua New Guinea that we provide all necessary political support in facilitating the early removal of the yellow card and that can be possible if the amendments are passed by the Parliament before June 2015. Noting that the Philippine who is our main investor in fishing and processing sector in PNG has recently been granted the Generalised System of Preference plus (GSP +) by EU and may end up competing with us for the same market, therefore it is important for PNG to ensure that we get an early removal of the yellow card to help our growing industry integrate itself into the global economy to remain competitive with our competitors.

Recommendation, Mr Speaker. Based on the rationale provided above on the urgent need to amend the *Fisheries Management Act* 1998, may I recommend to this honourable House to consider the importance of this Amendment Bill and pass the amendments as recommended by the First Legislative Council before June 2015 to rescue PNG fisheries from the possibility of being red-flagged that may ban fish products from PNG to the European Union market. Thank you.

**Mr JIM KAS** (Madang) – I thank the Minister for Fisheries for bringing to this Parliament the necessary amendment to avoid being yellow-flagged by the European Union which is a good source of revenue for this country.

Let me also remind the House that we can live on oil, gas and gold but the one last resource that will live forever is fisheries. I think the proposed amendment has to be supported by all of us because it is the last remaining renewable resource that we have.

The management issues that are being tipped off by this amendment have to be complied with and supported by linked departments and agencies.

Mr Speaker, we had a paper presented by the Minister for Defence yesterday. I think, in relation to what the Minister for Fisheries is seeking for, we should support the marine time elements because most of our resources are being stolen out there in the open sea by a lot of poachers.

Mr Speaker, the type of tuna that we see here especially with the RD Tuna in Madang and Cannors in Lae are small tunas that are not compatible to what you see in the Southern Philippines.

Mr Speaker, they market at auction prices the fish caught in the PNG and Pacific waters, and I think this amendment is to protect this resource so that we get value for what is ours. I think the management issues are relating to waste products which have been pumped into our waters especially in the reproduction area of the fish.

Papua New Guinea water is not the only place where tuna reproduces, the Mercado Square is also where the fish reproduces. That is the last area we have to protect with the management. If the EU is seeking for us to put this into place with other management issues which we have to comply, I commend the Minister for Fisheries for bringing all this amendments here.

I also commend the people behind the scene, especially the experts who have put the details out as to how to rectify and comply by the yellow flag issued by the European Union. I think it should not take much debate for us to have it passed.

**18/06**

This is by all the most important renewable resource in this country so let us universally pass this amendment.

**Mr DON POLYE** (Kandep – Opposition Leader) – Mr Speaker, the Opposition supports this Bill but I want to raise just two concerns and also highlight why the oppositions supports these amendments.

Mr Speaker, let me remind the Government that when it comes to very important Bills like this one, the Opposition will not unnecessarily oppose or criticize the Government on this Bills because it will affect this country.

Mr Speaker, all we are asking is that they give the Opposition enough time because we have a shadow Minister in Fisheries in the Honourable Mark Maipakai and Shadow Attorney General to give a balanced view in regards to these Bills.

Mr Speaker, I understand that it is a rush work because we have been given the yellow flag and that we have to get working to establish all this.

Mr Speaker, all I am saying is that in the future recognise the need for the Opposition to also give its balanced views for the country's benefit.

**Mr Patrick Pruaitch** – Point Of Order! Mr Speaker, the Honourable Opposition Leader is saying that it is a rush work. I don't believe it is so. We have complied with all the processes.

**Mr SPEAKER** – Honourable Minister, I think he was generally stating that this was a urgent matter that needed to be dealt with. Maybe, Opposition Leader, you should rephrase the term.

**Mr DON POLYE** – It means the other in English and in pidgin there is no other word you can express so I used rush.

*(Laughter in the Chamber)*

**Mr DON POLYE** – Unless there is a pidgin dictionary we can define it for the Minister. Mr Speaker, because of the urgency, I understand why we have done this.

The second point before I make a bit of supporting statement is on your first clause or provision of amendment, and I quote, “and any other register of record approved by the Managing Director but noticing the National Gazzete,” I would like to say that maybe if we give power to assessing vessels to one individual, we might miss a bit of transparency. It should solely rest with the Board or through the Minister and through the Cabinet level so that in

approving the vessel it is a collective decision rather than placing the authoritative power in one person.

That is the thing that I would like to ask the Minister to have a look at so that we can give the Board authority or the Cabinet through the Minister.

Mr Speaker, I support this Bill because I was the one who signed Free Trade Agreement with the European Union Commissioner to have access for our fish in the European market.

Mr Speaker, this comes with good benefits. It doesn't matter where we get the fish from around the world, we can process the fish in our facilities in Papua New Guinea and still sell it as a PNG made product.

Mr Speaker, it doesn't mean you catch fish within the country's economic zone only. You can catch fish in South America, and all other waters with the partnering investors and we can sell it in the European market to bring in huge revenues for our country.

Mr Speaker, it is very difficult to find free access to trade in the global world. Papua New Guinea and Fiji were fortunate enough to be granted this free trade.

Fiji did not meet some standards so now that they have gone back to democratic elections and they will be granted that opportunity in the European market.

Mr Speaker, we need to work together to enhance the free trade market.

**19/06**

The Minister has done the right thing by leading us in the right direction where we must enhance the Free Trade Benefit that is available in the European market.

I also wish to inform you that this arrangement is not for fish alone, Free Trade is also available for other commodities as well. Commodities such as agricultural products and even those products produced by the SMEs may be accommodated at those Free Trade facilities for export to the European market. We are able to do that. So, I think it is a good opportunity.

Mr Speaker, recently, we in the Opposition spoke about the Free Investment Zone; we had that concept in mind. When we mentioned that we should allow some parts of PNG, especially at the ports or along the borders to be Free-Trade or Free Investment zones, this was the core concept we had in mind.



You bring in the investors and allow them to produce fish or other products and sell them under the PNG made brand label.

So PNG's intention to sell to the European market has the backing of the Opposition and as already stated by the Governor of Madang, we don't need to further debate this, because the Opposition is supporting the idea because it is beneficial to PNG. We see it as an opportunity to gain through the amendments.

The amendments should seek to gain two things; firstly, it has got to be transparent and secondly, it has to protect our fishing rights. When we signed the agreement with the European Union we made the commitment to make sure that our fishing operations is transparent and we also told them that we were going to establish the technology and the systems to monitor and conduct surveillance of our fishing zone so that our integrity is maintained. And, looking through the amendments very briefly, I think they achieve those objectives and serve the benefit of Papua New Guinea maintaining and continuing to benefit from this Free Trade Agreement with the European Union.

So we support this, Mr Speaker, and commend the Minister for his very visionary work in driving this agenda.

**Sir JULIUS CHAN** (New Ireland) – Thank you, Mr Speaker. Mr Speaker, I commend the Minister for Fisheries for enacting this law that will qualify Papua New Guinea to the European market.

Mr Speaker, in some of the amendment here I just wish to find out if we can improve the consultative process between the national and the provincial governments as required under *Section 115 of the Organic Law or Provincial and Local Level Governments*.

For some reason I noticed that the appointment of the new board consists of a lot of people but there is no mention of the provincial governments. So I am wondering whether the Minister or the government will look at it.

There is an appointment of the Chairman, the Managing Director and the heads of department, fisheries and everybody else but there is no mention of the provinces in which that fish is going to be caught.

Is it by accident that we missed it or is it deliberate? If it is by accident then I will ask the Minister and the government to immediately amend it. There is a provision here for two people to be nominated by the Minister.

Now I will suggest, and I am prepared to amend this. One of these persons shall be the provincial administrator or a person appointed by the provincial executive council. That is what I am proposing and I will ask the Minister to consider that. If necessary I am prepared to move that amendment now. There is a provision here in 'h', for the appointment of the board where two persons shall be nominated by the Minister.

**20/06**

I am saying that one of them should be the provincial administrator or a person appointed by the Provincial Executive Council. So, therefore, we are not disturbing the prerogative of the Minister –

*(Member interjecting)*

**Sir JULIUS CHAN** – I beg your pardon?

*(Member interjecting)*

**Sir JULIUS CHAN** – It is up to the Minister to decide if that particular province is the province in which the majority of the fish is going to be caught from.

If you want to challenge me on that, I am prepared to argue on that.

New Ireland Province provides about 500 000 tonnes of tuna coming to our waters every year. Nevertheless, we do not even have one fish cannery there although we were the first one to be accepted before. Therefore, we want to have a say in it. The National Government is required under law to consult the Provincial Government, and it is under *Section 115*.

Mr Speaker, therefore, I am prepared with the assistance of the Clerk to make that amendment. The Minister has the prerogative to appoint two, and I am suggesting that one of those Minister's appointments shall be the provincial administrator or a person appointed by the

PEC. This is to conform to the consultative requirements of the *Organic Law on Provincial and Local-level Governments*.

Motion (by **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 Mao Zeming**) proposed –

That the Bill be now read a third time.

**Mr PETER O'NEILL** (Ialibu-Pangia – Prime Minister) – Mr Speaker, yes, thank you.

I, too, would like to commend the Minister for his excellent intervention as he has been in the fishing industry, especially given that we were about to lose very important market in the European Union.

Mr Speaker, this industry is currently employing tens of thousands of people in the fishing industry, especially in the factories that are canning all the fish that we export to the European Union.

Mr Speaker, this industry employs a lot of the female population in those factories. And as we all know, the female population and any female worker tends to look after the family more than their male counterparts.

Mr Speaker, this is why this is an important industry that we need to look after and be careful about. Therefore, I think the Minister is doing the right thing by ensuring that we comply with some of the surveillance and supervisory roles that we build up in our capacity to control

some of the illegal fishing that is happening in the country and around our seas throughout our economic zones.

Mr Speaker, once again, I would like to thank the Minister and his department for a job well done.

Mr Speaker, the suggestions that were raised by the Governor of New Ireland are valid and I think the Minister can use his wisdom in his ability to appoint the two persons who have been empowered by this law to do so. And I urge the Minister to appoint, as he said, one should be provincial administrators and the other appointed by the Provincial Executive Council.

**21/06**

We don't necessarily need to mention the province in the Act but I think the Minister can use his discretion to appoint a member of the province on the board of the National Fisheries board.

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

That the question be now put.

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

Bill read a third time.

### **MOTION BY LEAVE**

**Mr JAMES MARAPE** (Tari-Pori-Minister for Finance) – I ask leave of 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.195 being called on forthwith.

**ORGANIC LAW ON SOVEREIGN WEALTH FUND 2012**

**Second Reading**

First required opportunity for debate and first vote from 17 February 2015 (see page....)

**Mr PETER O'NEILL** (Ialibu – Pangia – Prime Minister) – Thank you, Mr Speaker.

Mr Speaker, in accordance with *Standing Order 222 (b)*, I now commence the first required opportunity for debate.

Mr Speaker, since 2012, when we passed the Constitutional Law on the establishment of the Sovereign Wealth Fund, we needed to put in an enabling law which will in turn make sure that the Sovereign Wealth Fund becomes operational.

Mr Speaker, under the Sovereign Wealth, we have established two funds; one is the Futures Fund and the other is the Stabilisation Fund. Mr Speaker, I know that our business community, our landowners and our people are waiting to see the establishment of this Fund. There is some cynicism out there thinking that we are not committed to introducing this Fund but it has taken some time because of the level of consultation that we have to do with stakeholders and various departments like Treasury, the Secretary for Treasury and their team, and of course Petroleum and Energy and State Solicitors office and other stakeholders that needed to be consulted.

Mr Speaker, after so much of that, we introduced an Organic law on the Sovereign Wealth Fund which we are now presenting to this Parliament, and I urge Members to support me

on this particular Bill because, Mr Speaker, the first revenues for the LNG Project are going to come into the country on 20 February.

Mr Speaker, because of that there is some urgency on the establishment of this Sovereign Wealth Fund and that is why I commend this Bill to this Parliament.

Motion – That the question be now put – put.

**Mr DON POLYE** (Kandep – Leader of the Opposition) – Thank you, Mr Speaker. I would like to debate on the Sovereign Wealth Fund because I know about this Fund and its initial stages. As the former Treasurer, I was involved in creating the Fund.

**22/06**

Mr Speaker, this legislation has been presented on the Floor of this Parliament a bit late and, therefore, I don't believe that much consultation has been sorted by the Prime Minister with other various organisations to get this completed.

But why did he delay this legislation before exporting the LNG gas. It would be more appropriate if this legislation was presented on this Floor of Parliament before exporting of gas. It would have served the purpose of the Sovereign Wealth Fund (SWF) that the Government is planning to establish. Instead the exportation has been done and we got a huge loan of K3 billion from UBS and now that we want to introduce this Bill is questionable. The Prime Minister can easily say that, yes, I did seek consultation from other organisations but the citizens of this country did not believe it. And that is why the citizens of this country are saying, what the Prime Minister is doing is questionable, and they are correct in saying this.

In other mineral and petroleum resource risk countries they do that so that when proceeds come in, it goes straight into the Sovereign Wealth Fund to manage sustainability of an economy and fluctuation of cash flow that comes into the system of money to manage your budget. That is what the Sovereign Wealth Fund was taught in the first place. But after we have sold our gas out, this Fund will definitely have difficulty in performing it's job because you really might not see much money coming because all this is tied to the K3 billion UBS loan, and that is where the Opposition's concern is.

Otherwise, it is the right legislation but wrong timing. More consultation is needed to be done and from our justification it is 90 per cent complete.

But other than that, Mr Speaker, the Sovereign Wealth Fund is a good fund and proceeds will come into such funds to be managed through the Parliamentary budget process.

I want to emphasise this again that the money that will come in must be implemented and executed on this Floor of Parliament as it is stated under the Organic Law of the Sovereign Wealth Fund.

Otherwise, the Sovereign Wealth Fund will only be a fund and not doing its job. And too it must be invested offshore but managed and spent within the country independently, transparently and objectives must be achieved.

Mr Speaker, it's good because when you have funds like this it gives the country financial capacity for stabilisation for future generations to use at any other bad time as well. For instance, now that we have a down fall of oil prices, the perception is that we might lose a lot of revenue. And if we have K1 billion in Sovereign Wealth Fund then it can be used to cushion such hiccups in the country. We can also invest in other countries where the markets are stable like Australia and Singapore and drawdown at any time we want.

Otherwise, it is a good fund which most of us on the Opposition had started it but we are not happy on unjustified reasoning that I was consulting the Prime Minister. That is not true, so let us tell the truth.

**23/06**

**Mr BEN MICAH** (Kavieng-Minister for Public Enterprises and State Investment) – Thank you, Mr Speaker; I would like to contribute to the very important legislation that is discussed today. The Former Treasurer and now the Opposition Leader has given some very good insights into this debate.

This all depends on where we are in this House, because when we change locations our tone and the way we approach certain issues also changes; however, he is aware of the basis of this because he was involved and the team included myself, the Prime Minister and the former Attorney-General on the Kumul agenda.

This is not a new issue; it is in relation to the creation of the Sovereign Wealth Fund, during the time of Mr Pruaitch and the Minister for Finance under the Prime Ministership of Sir Michael Somare. This was then taken on board by the current Prime Minister in 2011 and a draft was made.

Some amendments were made because we had to balance how much control will be made as well as the placements on these funds within the country so that we do not create an inflationary effect on our economy. This is so we do not lose control on the management of our funds from outside.

This fund was not set up because of the LNG project. In the wisdom of successive governments and now under the leadership and wisdom of our Prime Minister and his Cabinet we have improved the legislation so that it will meet the requirements to ensure that we are able to manage the very large quantity and volume of money that will be generated from our resource development.

The payment made as mentioned by the former Treasurer is the payment for last year's cargo and this year. There are more cargoes coming. There are about 25 more years to go before this particular project will fully realise the revenue that will come in. We have Elk-Antelope and Pinian on the pipeline and there could be other oil and gas projects yet to be discovered and others waiting to be mined.

This Bill is so critical to underpin the way these funds will be spent outside of the Budget, to go into long term sustainability of future generation and to create stabilising factors that can balance the level of money in our economy.

**Mr Don Polye** –Point of Order! The Minister said the moneys will be spent outside of the Budget. Can he clarify that statement, because monies are supposed to go through the budget process as that is what the fund has been meant for?

**Mr BEN MICAH** –It is part of the Budget but not of the budget, because the Sovereign Wealth Fund's spending and management will be done by the independent board of the Sovereign Wealth Fund. They will manage the fund outside of the management of the budget by Treasury.



24/06

Mr Speaker, I will be bringing to Cabinet shortly as part of this process, and then to Parliament the complementary Bill which is now a revised Bill of the Kumul Strategy that this Government has approved. It will be the vehicle for going into the development of all these resources in setting up the company that will develop our hydro-carbon assets, the mineral company that will be developed –

**Mr Don Polye** – Point of Order! Mr Speaker, I don't want to play politics but the Minister is not clear in what he is saying.

Can I ask the Prime Minister to explain if the Sovereign Fund management will go through under the *Constitution* through the Budget process and approved by this Parliament to be implemented through Treasury, or to the *Organic Law* in the Sovereign World Fund because when I raised this point of order against the Minister during this debate that the Minister is making, the Minister continues to misconstrue the real fact. We think this Parliament has the approval for the moneys that will go into the Sovereign Fund for its execution, or will the approval come from outside, it will be clarified there, Mr Speaker.

**Mr SPEAKER** – Thank you, Mr Opposition Leader resume your seat and allow the Minister to continue and then the Prime Minister can answer your question.

**Mr BEN MICAH** – Mr Speaker, let me continue and later the Prime Minister can answer the question. This Parliament will now approve an entity, an institution that will manage the huge surplus money that we will receive from the extraction and development of the non-renewable resources in our country and that is the purpose of this Bill, Mr Speaker.

So we will introduce this Bill into the *Constitution* with its separate *Organic Law* where it will have its own management under a separate Board and will operate under an *Organic Law*. It is part of the budget process and will operate like any other public enterprises are controlled like IPBC where it is independently setup but it is all part of the budget process. All their revenue will come to a huge basket where we will budget every year.

Therefore, I hope that my learned colleague Leader of the Opposition and former Treasurer is not just throwing figures up here to confuse the Members. He knows very clearly the substance and purpose of this Bill, he knows that it is an important Bill and he also supports it.

Mr Speaker, the important thing is that this is going to be a historic moment where we are going to establish this specific *Organic Law* under the *Constitution* that will enable future governments not to squander any more the money that we are getting either from the hydrocarbon resources, mineral resources and even from our fisheries resources and from wherever we make money as revenue outside of the tax that we get from the companies and personal income. This is now going to create a value organisation that will be for future generation to come.

Mr Speaker, therefore, I believe that this is one of the historical Bills and the Prime Minister has done the right thing where there has been many consultations that has taken place. So we should just proceed by passing this Proposed *Organic Law* and consequential amendments to set up the Sovereign Wealth Fund. When it is established then we can partner with the private sector to develop our natural resources and increase our revenue which can develop our country and the future generation to come.

**Mr MARK MAIPAKAI** (Kikori) – Thank you, Mr Speaker. I thank the Prime Minister for introducing a very important Bill and I support the Bill.

However, my only concern is the implementation. There is no guarantee if you go outside of the budget process on implementation because we have never done well in this area. This is where sticky fingers will come in and this is where we will politicalise the institution. We are going to appoint our own people there and abuse it.

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The best way to do this is through the systems we have established so you cannot create any more systems outside. You put your own colleagues as managing directors and boards. That is when abuse comes into this country.

The law is already there and you should not break it but I am questioning as to how it should be implemented. What are the decision processes in terms of Board managing these funds. I am raising my voice because ELK-Antelope is in my soil.

**Ms Loujaya Toni** – Point of Order! Mr Speaker, the Bill is straight forward. We should speak to the point.

**Mr SPEAKER** – Leader, he has the right to speak.

**Mr MARK MAIPAKAI** – I am here to express myself in support of the Bill. As a resource owner my concern is the process of implementation. Through experience and evidence there is enough abuse. This is called the animosity set up and political appointment process. That is why whatever mechanism we may approve we have to be cautious.

I support the Bill. We have started the process and it must be completed. I am more concerned about the implementation process. There must not be any political appointments there.

We should get the expert financial advisers to manage these processes. That is where the guarantee of transparency will be realised. Thank you.

**Mr CHARLES ABEL** (Alotau – Minister for National Planning and Monitoring) – I would like to make a response concerning the consultation process in regards to this Bill and for bringing it the second time.

Mr Speaker, I really want to commend the Prime Minister and his leadership in terms of making sure that the Bill is exactly right. Some of the precise questions have been raised by the Leader of the Opposition and the Member for Kikori. If you study the former version of the Act and compare it with these amendments, you will see that many of these exact issues have been addressed in terms of the independence of the board and setting up of a stabilisation funds as well as a long term savings funds. We should make sure that these comply with the Santiago Principles so that this is inter-generational savings.

In fact, much of the funds were not captured. It was not specific. It was going into another entity. And so those concerns were raised and accredited to the Prime Minister because he stopped the whole process.

It was going to be passed in the past parliamentary meetings so Prime Minister must be credited. This is so critical and important in terms of a sustainable future. We must get it right and that is why the process was stalled. Not stalled forever. It might miss 50 shipments but there are many hundreds of shipments yet to come. So this must be properly protected because we have taken the time to properly process it.

I appeal to the members of the Opposition, please you get the old version and compare with the new version and you will see why there has been a delay. It is precisely to get it right. I had the same concerns myself too.

I feel most comforted that this process has been delayed so that we can get this legislation right. I fully support the process so please look at the details.

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

### **MESSAGE FROM THE GOVERNOR-GENERAL**

A message from His Excellency, the Governor-General dated 21 October 2014, was announced recommending the expenditure of Public Monies of Papua New Guinea in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such expenditure.

**26/06**

**Mr PETER O'NEILL** (Pangia-Ialibu – Prime Minister) –Thank you, Mr Speaker. Before I ask leave of Parliament to move this proposal law, I urge you to look through the law itself on *Section 4* where it states that Sovereign Wealth Fund will be established under the *Constitution*. . I just want to correct the Leader of the Opposition stating that we are creating

some fund outside the *Constitution*. *Section 2(1) 2(a)* of the *Constitution* says we will establish two funds. One is the Stabilisation Fund and the other is the Savings Fund.

Mr Speaker, the objectives are very clearly defined. Basically in *Section 5* it says that the objective of the funds is to have macro-economic stability of the country and the economy. And to make sure that there is intergenerational meaning the future generation of our country. They must have some equity in this as well in making sure that we manage the receipts from all our mineral and petroleum assets in the country.

Mr Speaker, we are asking who is going to be the owner of this. *Section 6*, says that the legal ownership of the Sovereign Wealth Fund is the Independent State of Papua New Guinea. It is clearly defined in this particular Bill.

When you go further to *Section 12 Sub Section 2* it talks about how these funds are going to be managed, withdrawals especially. It says withdrawals within each fiscal year from the Stabilisation Fund must be made through the National Budget. That means that it comes through the Parliament.

Mr Speaker, I also want to highlight the appointments of the people who are going to be managing these funds.

Mr Speaker, I went beyond the call of duty to make sure that the Opposition Leader has his say. That is why the Appointments Committee is the Prime Minister of the day, the Leader of the Opposition the Governor of the Bank of Papua New Guinea, the Auditor General of PNG and President of the Papua New Guinea Chamber of Commerce.

Mr Speaker, these are individuals and independent Officers and independent thinking officers. Let us not play politics around this issue. We owe it to our country and we owe it to our children. So let us support this Bill.

Leave granted to move the Proposed Law without amendments forthwith.

Motion – That the Proposed Law without amendments be agreed to – agreed to.

The First Vote on the Proposed Law requiring a two-thirds absolute majority of 74 Members as required by the *Constitution*, the Speaker ordered that the bells be rung.

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*(Voting in progress)*

**28/06**

The Parliament voted (the Speaker, **Mr Theo Zurenuoc** in Chair) –

**AYES – 82**

**NOES – 0**

Motion so agreed to, with the concurrence of an absolute majority as required by the *Constitution*.

Ordered – That the third reading be adjourned for at least two months as required by the *Constitution*.

### **ADJOURNMENT**

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

That the Parliament do now adjourn.

The Parliament adjourned at 1.05p.m..