

FIFTH DAY

**Wednesday 4 November 2015
DRAFT HANSARD**

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FIFTH DAY

Wednesday 4 November 2015

The Acting Speaker (**Mr Aide Ganasi**) took the Chair at 10.30 am and invited the Member for Sohe **Honourable Delilah Gore** to say Prayers:

Almighty God in Heaven, we want to praise you, give glory and honour to your name for today that we have gathered in this Chamber as leaders of this nation. Father we ask you to guide us in our discussions today.

We pray, dear Lord to lead our Speaker, the Acting Speaker, we pray Lord for all the Members of this Parliament, both in Government and Opposition. May you Lord, may your Spirit lead us today and we ask you Lord for a portion of your wisdom from Heaven above to lead us today in our discussion.

Thank you Lord for your Son Jesus that came and lived on this earth and taught us many wonderful things and taught us how to pray and Lord, we all gather our voices this morning to recite the prayer that He taught us.

QUESTIONS

Pollution at the Warangoi River

Mr ELIAS KAPAVORE – Thank you, Mr Acting Speaker, my questions are directed to the Minister for Environment and Conservation and the honourable Minister for Mining to take note.

Mr Acting Speaker, I have received complaints from landowners of the Wild Dog Mining in Sinivit LLG. The Canadian Gold Mining company who was the developer left in April 2014 after about seven years of doing gold exploration.

The main reason for the company abandoning the mine site followed allegations of cyanide pollution to the surrounding environment, mainly to the rivers of Warangoi.

Mr Acting Speaker, I have personally visited the abandoned site after receiving the complaints from the landowners and the current environment is described as the ‘Environmental Dilemma’ and a ‘Disaster’ as old storage containers were vandalised and canvasses used in the

gold extraction process have ended up in the surrounding villages. The situation, Mr Acting Speaker, I believe needed urgent intervention by the Government.

I believe the landowners must have received some information that there was an allegation of K10 million secured through MRA for the upgrade of the roads in the Sinivit LLG area. To date we are not aware of the funding nor the progress of the tender of the road upgrade.

Mr Acting Speaker, my questions to the honourable Minister are as follows:

(1) Is the Minister aware of this environmental dilemma caused by the New Guinea Gold Mining at the Wild Dog mining at Sinivit?

(2) If the Minister is aware of the situation, what are his plans and actions against the developer?

(3) Can the Minister advise my people of the result of or from the water samples that were taken from Warangoi River?

(4) Can the Minister give some specific instructions to the company to return to the abandoned mining site and clear up the mess?

(5) And regarding the road, the money that they said was secured for the road, can the Minister clarify the funding of K10 million for the road upgrade and the tender if there is any tender process to date.

(6) I want to ask the Minister if it is possible for this money to be made available to Pomio District Development Authority, so that we can get this funding and look after the road in that area?

02/05

Mr JOHN PUNDARI (Minister for Environment and Conservation)-Thank you Mr Acting Speaker, I thank the Honourable Member for Pomio for his very important questions with regard to Sinivit Mine, and before I proceed to answer those questions, let me apologise to this honourable House and yourself, Mr Acting Speaker for outburst yesterday.

Mr Acting Speaker, in response to the first question, I am aware of the situation at Wild Dog, I am unable to give him some detailed answers, so I ask for some patience. Mr Acting Speaker. As I am aware of the situation at the Wild Dog Mine whether the developer Niugini Gold Limited has gone asked with the closure without proper consultation, I believe not only with my Department but maybe the Mineral Resources Authority as well.

The Developer, Mr Acting Speaker failed its co-operates social Responsibility and Legal obligations to notify proper authorities, especially the Minerals Authorises and my Department regarding its intents to close the Mine, My Department Mr Acting Speaker, became aware of the situation in September 2014 after which technical officers from my Department undertook four separate site visits to the Mine site between November 14 and this year, reports are emitting from this visited highlights some of the concerns raised by the good Honourable Member for Pomio.

Mr Acting Speaker, In relations to Question 2,I want to ensure the Member for Pomio, and also the people of Pomio that I will used every legal means possible to have the Developer to answerable to this Environmental damage created. And Mr Acting Speaker, this is basically to bring the Developer back to clean up the mess it created and also I want this company and its Board Members to be blacklisted from entering in Papua New Guinea, so they won't conduct any more Mining Business in this country, In the meantime Mr Acting Speaker, my Department is working closely with East Britain Provincial Administrations and we will continue to conduct regular waste quality sampling from within the Mine area and downriver all the way to the mouth of Warangoi River and inform the public of the results through Public Awareness.

In regard to the third question, Mr Acting Speaker, my Department with collaborations with East New Britain Provincial Administrations and National Identity testing services Uni Tech had conduct water quality sampling from within the Mine area and downriver all way to the mouth of Warangoi River, Results indicate that the consecrations of mud and sand is high within the Mine area. Mr Acting Speaker, I want to ensure the people of Pomio, especially those who depending on Warangoi River that the water quality is within safe Level.

03/05

I am saying down river as well as negligible concentration or none at all. More importantly I want to assure the people of Pomio, especially those dependent on the Warangoi River that the water quality is within a safe level and it is downstream.

Mr Speaker, cyanide is a chemical which is quite toxic, however, it breaks down rapidly into other compounds within a very short period of time within minutes to an hour. Exposure to sunlight cause breakdown by radiation and dilution with large volumes of water. Such as the case with the Warangoi River, also results in the breakdown into other benign compounds.

Mr Speaker, hence the results and the sampling exercises undertaken by my department and the technical officers are not surprised they are compiling a report on the work done from 2014 up to now and will disseminate that report to all concerned stakeholders. And I will ensure that the Member for Pomio will receive a copy of that report. With regards to question 4; the department has on several occasions tried to negotiate with the developer without success. The director of the company and other senior staff have all fled overseas. As a last resort, I am compelled to follow the due processes under the *Environment Act 2000*, to cause the company to return to the site and do a proper decommissioning and rehabilitation of the site before I accept the surrender of the environmental permit.

I would also like to draw on this opportunity to express my concerns about the State allowing such small companies to undertake mining activities in the country. Such companies which do not have a strong mining background and strong, proven track record in responsible mining practices are companies that should not have been allowed to operate in the country. We should look at legislating for environmental bonds. I think as we all know with regards to tailings dam or with the current situation that is before us and given the fact that the developer has left the country; how do we compensate for the rehabilitation of damage done to the environment and see how best we can bring the livelihood of our people back. I think as a form of security we should encourage environmental bonds so that if irresponsible situations like this occur, then we got a bond in place that we can be able to access and use to compensate for the mess that is created and I am looking forward to bring in an amendment in due course of parliament sittings.

Mr Deputy Speaker, it is incumbent upon the small unproven companies to put up environmental bonds which the state can use to fix the problems with mines. On Question 5; clarifications as to K10 million for the road project, I would want to think that this is under the responsibility of the Mineral Resources Authority. The Mining minister is in the Chamber, I am sure that he will respond accordingly to the honourable Member.

04/05

Health Insurance for Public Servants

Mr JOE KOIM KOMUN – My question is directed to the Minister for Public Service. It relates to our public servants. Most of them are serving this country with pride and dignity and

they are faithful in their job, that is why this country is moving forward and many times I see so many requests from many senior servants who are down with health and they ask for assistance time and again. So my question to the Minister is, do we have any insurance plans for the upper hierarchy of our public servants who are serving this country faithfully?

So that in times of illness and emergency cases they can be evacuated and they can get that insurance cover to meet the cost of their health. I have a particular case here, a senior auditor with the Auditor General's Office who has served this country for over 20 years and he had a problem with his kidney and he has been asking around for assistance and it is surprising to find out that the Ombudsman Commission or the Public Service machinery cannot assist these sort of people so my question is, are there plans to assist these public servants.

Sir PUKA TEMU – Thank you, Mr Acting Speaker and thank you the honourable Member for Anglimp-South Waghi for that question and also thank you for your compliments for many of our public servants throughout the country. I couldn't agree more with you that many of them are very dedicated, committed and they have served this country with a lot of dignity and pride and they deserve to be looked after. Unfortunately, on this particular instance, we do not have insurance cover, either in health or life for all categories of public servants in the country.

As the Acting Speaker is aware, the coverage for health and life is now only for the political leaders and leaders in the civil service, departmental heads are in that category, the judges and all those leaders are within that category also have that cover. but Below the departmental heads, from the deputies all the way down, we do not have a national policy to help cover our civil servants.

However, there are some union groups that have negotiated such cover through their unions and are therefore, through their memberships, secure such cover particularly, in health. Unfortunately the answer is no, we will definitely look at it. I think for health cover for example, we may through the Health Minister, try and look at an Health Insurance program as a national policy since many countries around the world have it.

At the moment many people including, the private, public or even those who are not on the wages pay out of their pockets. Unfortunately, all I can say is, for those who can afford it, they have to negotiate individually. There are so many good insurance companies in the country

right now that have very good packages. You can negotiate a very good product or cover and I would urge that individual civil servants do that, but unfortunately there is no cover and there's no doubt there are individuals who are seeking support, family support or those of them who come to us as members we need to respond to them on humanity grounds as it is our responsibility as elected leaders.

05/05

Higaturu Oil Palm Shares for the Oro Provincial Government

Mr GARRY JUFFA – Thank you Mr Acting Speaker, for recognising the people of Oro. I want to direct my questions to the Prime Minister.

But before I ask my questions, let me clarify on the statement that I made yesterday and the Minister for Environment and Conservation responded.

I want to make a short explanation on this statement in relation to inflated contracts. It was a statement made to focus on a reality that all of us need to pay our attention to and not accuse anybody.

There are Government systems and in this case the Central Supplies and Tenders Board needs attention in areas of auditing, review, investigation and rebuilding so that it's a better organisation for procurement purposes.

I am willing to give my assistance for free and I have said this many times which can assist you a lot.

My questions are in relation to the sale of shares owned by the Oro and Milne Bay Provincial Governments in the Higaturu Oil Palm that was signed recently.

Mr Prime Minister on a number of occasions we have spoken and you have assured me that the proceeds will eventually go to the two provincial governments. After the sale we have not heard anything from the IPBC as to what will happen.

Mr Prime Minister, the oil palm farmers in these two provinces suffer from deteriorating road conditions. As a result of this deteriorating road conditions their fruit is being picked up at a delayed time then the value of the fruit drops and the returns they get from the sales are quite disappointing and they continue to suffer.

Mr good brother the Minister for Finance alluded to the fact that I needed to pay attention to my agricultural sector, rather I am doing what I can with what little I have and what I am yet to receive.

My questions are:

(1) Can you please explain what will happen to the proceeds of the shares, will they be remitted to our two provincial governments so that they can attend to our oil palm growers?

There is a rumour that the proceeds have been used to offset debts with B-Mobile and Telikom

(2) Can you please clarify this so that the people of Oro and Milne Bay can know what has happened?

(3) And if these sales have taken place and those proceeds are available then can it be paid to the two provincial governments so that they may enjoy the same benefits as our brothers in West New Britain in terms of generating their own revenue, attending to their oil palm growers needs and so forth?

Mr PETER O'NEILL – Mr Acting Speaker, I thank the Governor for Oro Province for his questions.

Yes, we have sold all the shares as part of the takeover by Sam Dabby of the New Britain Oil Palm. Everyone including the West New Britain Provincial Government sold all their shares and they have received some very reasonable price and it's a fair price. But I am also aware that this Government has made commitments to both the Oro and Milne Bay Provincial Governments that these shares were to be transferred to them.

In light of the fact that this is now being sold the proceeds must go to the two provincial governments. And I will further give that instructions to the Minister concerned and IPBC to carry out that direction.

Mr Acting Speaker, the shares rightfully belong to these two provinces and they must go into building the infrastructure of those oil palm areas that our people continue to live. We will support the Oro Provincial Government and the Milne Bay Provincial in carrying out these infrastructure development using those funds from the sale of the shares.

06/05

K2 billion backlog of foreign exchange orders

Mr DON POLYE – I wish to direct my questions to the Minister for Finance and the Prime Minister and the Minister for Treasury to take note. This matter has been in the public domain for quite some time and the Government has not spoken about it but I think the Minister for Finance will be in a better position to give us some details.

(1) With regard to the K2 billion backlog of foreign exchange orders which is held by commercial banks and when there is enough foreign currency in commercial banks, they then order goods and services or import produce from overseas. But since they have not been doing it and the backlog has grown to over K2 billion, can the Minister confirm or deny if this is true?

(2) If it is not K2 billion worth of backlogs then can the Minister tell the Parliament and the people of Papua New Guinea what the exact amount is? How will the Government and the Central Bank go about addressing this backlog?

(3) When you subtract our foreign reserves from these backlogs what is then our real value of foreign reserves and further can you tell us in terms of import and export cover?

I believe that businesses will find it hard to survive with these outstanding backlogs. We are punishing businesses to bring in goods for consumers. I have heard from the Government that inflation is good but I think it is not good for us because I think it will cause inflationary pressures.

(4) Finally in 2013, the value of kina against the US dollar was 50 cents but today it has gone down to 30 cents. Can you explain how that came about and is that related to other questions that I asked?

07/04

Mr JAMES MARAPE – I thank the Opposition Leader for his questions. Most of his questions if not all of them should be referred to the Treasurer but I will try my best to answer all of them.

Mr Acting Speaker, the first question on the K2 billion USB Loan backlog on the Foreign Exchange that he is alluding to, Mr Speaker as I speak I am not privy to the data to the information that he is in possession of. If he has something concrete and is giving us concrete

figures indicating K2 billion backlog I'd like him to put it in writing and give it to us, sometimes it's easy to plug out numbers out of the air and throw it out into the public for public discussion.

Of course, we are experiencing element of depletion in as far as Foreign Exchange is concerned in the Central Bank. Mr Acting Speaker, as he would know and as all of us should know that the Central Bank controls the Monetary Policy at arm's length from the Government, Treasury controls the Fiscal Policy and in that line of respect much of the operation of Central Bank is totally at arm's length from control and Government intervention.

On the issue of Backlog of Forex and the strain that is placed on much of our users of Foreign Currency especially in their need to buy goods from overseas to bring into the country, Mr Acting Speaker, we all know that when the economy contracts you experience this sort of things.

Today as I speak I will go to his third question on the issue of how much we have in our Reserve, if the Opposition Leader cared to look in the Budget Book that was delivered yesterday and recall my passing remark yesterday I made reference to the fact that by the end of this year we are forecasting to have about K5.7 billion in our Foreign Reserve.

Much has been talked about by our prophets of doom and it saddens me to know that many of us have become agents of the prophecy of doom, we have been saying since January that we have been growing broke.

Today as I speak, we have seven to nine months of cover in our Foreign Reserve, about US\$1. 8 billion which is sufficient cover for about eight to nine month period in terms of our imports requirements, Mr Acting Speaker.

So, let me give confidence to our economy, let us give confidence to the country, and let us give confidence to our business partners, more importantly our big business partners and our potential business partners who are in our country looking to invest that as a Government we are in total control of our own economy and how we are handling the economy, we operate at arm's length to the Central Bank especially as far as the Monetary Policy is concerned. Thankfully we have a very good leadership at the Central Bank that is conscious of the time we are in, they make interventions into the market at relevant times to ensure that we continue to have liquidity in the system and we continue to have sufficient cash flow that does not trash on the economy.

In terms of the K2 billion backlog as claimed by the very learned Opposition Leader, I do not know where he gets his figures from but in my understanding it is not to that tune but of

course we do experience trash from time to time, much of our trading especially our export earning that is traded against US dollar denominator and as such when you experience a shrink in Global Economy the prices are affected. We cannot help when the price of the US Dollar against the Kina drops, it is open for exposure on currency float –

08/05

And as such, when you experience a shrink in global economy prices are affected. We cannot help when the price of the US dollar against the Kina drops. It is open to exposure on currency float.

Thus, in the last few years it has come down to US\$30 and gone up and moving back and forth steadily in between 50 into – and to date – let me correct myself here, it is not at US\$30 but 31 cents to be exact. Therefore, in between this range the Kina floats against the US dollar up and down.

He will help the cause of stabilising the Kina if he learns to shut his big mouth and ensure that we paint and portray a confident image of the country. We must send positive signals out to the markets. We need to bring that extra foreign currency in by way of foreign investors investing in the country. That is how you bring foreign currency into the country and that is how you bring new US dollars and Australian dollars into our country.

The moment we conceive to paint negativity on our country you chase investors who want to come and invest in the country. Therefore, it does not matter if he gets into power or that we remain in power. The more we paint negativity on our economy –

Mr Don Polye – Point of Order!

Mr Acting Speaker, please, I really do not want to go through a tug of war with my friends on the other side. I am asking some very substantial questions. These are not negative questions. These are questions that businesses and financial institutions are asking. Therefore, you must answer them correctly.

I am not asking any questions here that is rubbish. Well, if you say that it is not K2 billion then tell us. The question asks what the exact amount of backlog was then.

Mr Acting Speaker, I then asked a question if the backlog would be subtracted from the foreign reserves. As he was saying it was at 1.8 then what then would be the figure? Therefore,

what you will do is manage your monetary policies. Thus, these are not negative questions. These are helping you to think clearer, in depth and with substance to help you guide this economy properly.

You cannot continue to shoot down things and hide the facts and all the while you think that foreign investments will come in. Therefore, I would like to tell you that they will not just come because they are not stupid for they are intelligent. They know what is happening so tell the truth so that you guide them and tell them how you are mitigating these challenges.

Therefore, these are questions that businesses are asking and not from me, Don Polye. Businesses and your investors are asking these questions and so, you answer them.

Thank you, Mr Acting Speaker.

(Mr Don Polye interjecting)

Mr ACTING SPEAKER – Order!

Mr PATRICK PRUAITCH – Thank you, Mr Acting Speaker.

Again, I beg your apologies, Mr Acting Speaker, through you to good the Opposition Leader.

(Mr Don Polye interjecting)

Mr ACTING SPEAKER – Order! Order! Opposition Leader.

Mr PATRICK PRUAITCH – These questions are very important questions and without engaging into much debate, I think I have answered most of the questions.

Mr Acting Speaker, we will get the Central Bank to make a respond on what is the exact number of backlog that waits insofar as the demand for foreign currency are concerned. Nevertheless, I would like to assure the Parliament that it is not as high as K2 billion as indicated by the Opposition Leader this morning.

Thank you, Mr Acting Speaker.

Land compensation payments

Mr WESLEY NUKUNDJ – Thank you, Mr Acting Speaker. My questions are directed to the honourable Minister for Lands.

Before I ask my question, I would like to draw his attention to the matter surrounding the series of questions that I am going to ask him. I am sure most of you, Members of Parliament, have come across one or two people in Port Moresby who are waiting for their money from the Lands Department and there are many of them in Port Moresby waiting their money from the Lands Department.

09/05

Mr Acting Speaker, my questions to the Minister for Lands and Physical Planning is in regard the land acquired by the colonial administration back in 50s and 60s, as well as those landowners who are awaiting their land payments. Most of these people, especially highlanders or people from my electorate are now in Port Moresby. They are claiming that they are waiting for their land payments by the Lands Department. They have been here for three to seven years now.

My questions are as follows:

(1) Why is your Department continuing to entertain and encourage or allow payment on top of the land which has been purchased by the colonial administration from our grandfathers?

(2) If you are entertaining the customary land acquisition then, do you have a budget allocation for it or not if you have then how much would be involved?

(3) Can you inform this Parliament that how many claims are now in your office and at what monetary value?

(4) How many are genuine and how many not genuine?

(5) How many of them have you paid and how many are yet to be paid and how many more are you expecting to come?

I am raising this questions basically because I want to build infrastructure development but people are claiming that they are still waiting for the Government to pay them first before they allow development to take place.

People are saying that their claims are with the Lands Department so let them pay us first and you start developing the land. In one instance, we had ground breaking ceremony already but the landowners are in Port Moresby awaiting their claims with the Lands Department. In most cases bribery is involved to acquire the customary land. I am pretty sure many of such claims will continue to go to Lands Department.

(6) Are you aware of this and if so, can you put a stop to it?

Mr BENNY ALLAN – Mr Acting Speaker, the questions are very vital and I wish to clarify on that matter where those portions of land are occupied by the Government institutions like Health Centres and Schools and other Government owned institutions.

10/05

I want to inform the people of Dei through the Member on his request for a piece of land on which he has now built a high school on. The landowners there have barred him because they wanted payment up front. I believe that has prompted the Member to raise this question.

I want to return to answer his question. There is a total of K208 million still outstanding in land compensation claims currently with the Department. I wish to say that many of those claims are bogus, they colluded with some officers within the Department and raised claims for schools and health centres situated on land which the colonial government has already paid for.

When this Government took office in 2012 we carried out an audit and found out that K400 million is with the Department for payment. After the audit through verification at the provinces it was found out that some of the figures were inflated so they brought it down to K208 million. So half of it was inflated claims.

What do we include in claims or compensation claims lodged. There are three components included which are, the land itself, planted improvements such as coffee or other plants which people plant and the other one is structural improvement.

We eliminated structural improvement in those claims which were lodged because the State put in the structure and that resulted in the total being reduced to K208 million. I concur that some of the claims lodged are false, they have been settled already in the past, but they are claiming them for compensation again so we have to discourage this. We do not want to

entertain payments to claims where they have already paid for in the past. That is the answer to question one.

On question two, I wish to thank you because prior to this Government assuming office they were allocating less than K10 million to pay land compensation claims. In 2014 this Government, the Government of Prime Minister O'Neill, for the first time allocated K25 million. This has enabled us to reduce the total value of claims. In 2015, this year we allocated K20 million.

This is the first time we have realised the need for the Department to try and settle some of these claims. But, as we speak the balance still to be paid stands at K208 million. I wish to inform you all that we are gradually reducing it down but, each year it depends on the allocation we receive.

I also wish to clarify that we do not wish to entertain anymore claims in the Department. So, Members from individual electorates must inform their people to refrain from channelling their claims through the Department because it is too much. We want to discourage people who intend to make claims on land which the State has title to.

11/05

We should be only encouraging land compensation payments on new projects. Whilst I have the opportunity, let me state here that we should concentrate on educating our people. I was recently at the opening ceremony of a high school in Anglimp- South Waghi and I was surprised to hear of a family freeing 20.8 hectares of their family land to build a high school. There is a road that also goes through a plantation where the people sacrificed their coffee plants to allow their Member to build that road.

I asked the Member whether he paid anything for this development and he replied saying the landowners freely are up their land to build a road to the school.

I was filled with gratitude and I came back with memories of what this people did to bring development to their place. We should free up our lands and never encourage our people for compensation. We should just do away with land compensation.

I thank the Member for Dei for his questions but we don't have any more money. The balance of K12 million has paid out already.

I hear a lot of people saying that the Lands Department is a corrupt department well you can say that but don't forget that other departments are also corrupt.

(Laughter in the Chamber)

Mr BENNY ALLAN – I am trying my best like all other departmental Ministers to try and fix all these problems.

In regards to the K12 million, those officers paid part payments and that led to the suspension of the Secretary so we are trying our best to clean up the Department.

Out of the K12 million, K5 million was paid out to important projects like the Paga Hill ring-road compulsory acquisition. Balance of the K3 million has been pre-committed to airports. So I apologise to the Member but, we will have to look forward to next year's allocations.

Mr Wesley Nkundj – Point of Order! Mr Acting Speaker, the Minister did not answer my last question. I asked him about the plans his Department have to stop this. We cannot continue to entertain claims after claims.

There must be stop to it. I am prepared to put a legislation through to stop it.

Mr BENNY ALLAN – It is a very big problem talking about payments of claims for landowners who have been paid yet are submitting claims after claims and this must come to end. The department is planning to submit a legislation to do away with these kinds of claims. I think we can factor compensation payments into new projects that can be undertaken.

PERSONAL EXPLANATION

Mr NICK KUMAN (Gumine - Minister Education) – I ask leave of the Chair to make a personal explanation.

Mr SPEAKER – Do you claim to have been misrepresented?

Mr NICK KUMAN – Yes Sir!

Mr SPEAKER – Go ahead, leave is granted.

12/05

Mr NICK KUMAN – Mr Acting Speaker, there is an issue that was reported in the *Post Courier* on a student being killed in the Western highlands province on exam related violence in Mul Baiyer district. It was reported yesterday. The particular school is Yaraka Primary School. The report just came back this morning and I want to correct the paper, there is no such thing as a student being killed. There was an issue in relation to an exam paper, a known person from another profession in a nearby province allegedly brought in what looked like an exam paper.

That particular person is now in police custody in Mt Hagen and we are investigating this issue. But the report that came out in the paper is not correct. More than 205, 000 students throughout the country sat for their exams in grades 10, 12 and grade 8 will finish theirs tomorrow. We had a couple of exam related issues in the highlands relating to exam paper leakages in the grade 12 exams but we had none for grade 10 and 8. Over the years we had problems throughout the country but in the last two years the department has put quality control in place in the entire process on how to manage this properly so that our students that are coming out of the school system are given a fair go in assuring that the students can be able to articulate what they learn in school.

I would like to request the paper concerned to get their facts correct. There was no student killed and none was accused and beaten by students or parents as alluded to by the report.

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* suspended as would prevent Notice No: 280 being brought or forthwith.

13 /05

SAVINGS AND LOANS SOCIETY BILL 2015

First Reading

Bill presented by (**Mr Patrick Pruaitch**) and read the first time.

Second Reading

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

That the Bill be now read a second time.

Mr Acting Speaker, the purpose of the *Savings and Loans Society Bill 2015*, is to provide for the repeal and replacement of the current savings and *Loans Society's Act Chapter 141* and to provide for a new licensing regime for Savings and Loans Society as one class of financial institution subject to the prudential supervision and regulation of the Central Bank of Papua New Guinea and to provide for the continued operation of the Federation of Savings and Loans Society under the new regime.

Mr Acting Speaker, at the turn of the last decade the Government embarked on a process to reform the financial sector with the enactment of a new *Central Banking Act in 2000*. In the same year, the *Banks & Financial Institutions Act 2000*, *Superannuation (General Provisions) Act* and the *Life Insurance Act* were also introduced. The new laws have given the Bank of Papua New Guinea lot of responsibilities for licencing and prudential supervision of authorised deposit taking institutions, superannuation fund, fund managers, fund administrators, life insurance companies and life insurance brokers.

Mr Acting Speaker, Savings and Loans Society as one category of deposit taking institutions remain outside this framework of prudential supervision by the Bank of Papua New Guinea. The savings and loans industry comprises of less than 10 per cent of the financial sector in terms of total assets. Currently, there are about 22 societies registered and supervised by the Bank of Papua New Guinea under the *Savings and Loans Society Act Chapter 141*, the current *Act*.

Mr Acting Speaker, the Bank of Papua New Guinea continues to allocate significant financial and human resources for the administration and supervision of the Savings and Loans Society, although they make up a small sector of the financial system. The experience of the Bank is that much time is spent on handling numerous matters of Savings and Loans Society that have nothing to do with prudential supervision. As a prudential regulator the Bank of Papua New Guinea needs to correct this misallocation of resources by putting in place an appropriate legislative framework which can enable it to prudentially supervise Savings and Loans Society. Furthermore the current *Savings and Loans Act* is now a historic anomaly, out of character with the present supervisory regime and imposes unnecessary interactive responsibilities on the Bank. The current *Act* is inefficient because it creates a separate regime for incorporation, management, supervision and liquidation of one member of the wider category of deposit taking institutions. The current *Act* distance into micro management in some cases, for example requiring bank approval of all overseas trips or for overseas business travels.

14/05

Mr Acting Speaker, the model now represented by DIFA, the *Life Insurance Act* and the *Superannuation Act* creates a more flexible regime of prudential supervision by the banks. It is the responsibility of the supervising entity to manage its day to day affairs in accordance with applicable legislation and prudential standards published by the banks. With regard to day to day co-operation governance, the supervising entity must also comply with the *Companies Act* of 1997.

Mr Acting Speaker, it is proposed that Savings and Loans Society will now be brought into conformity with the regime applicable to other deposits taking institutions by replacing the *Savings and Loans Act* with new legislation. That amongst other things clearly separates and make adequate provisions for the registration and incorporation of Savings and Loans Society

under the *Companies Act* while providing for the prudential regulations and supervision of Savings and Loans Society under the new *Act*.

Mr Acting Speaker, despite the above mentioned changes Savings and Loans Societies will retain their core features under the new Bill and this includes mutually of Savings and Loans Societies where every member is entitle to one share in the Savings and Loan Society and one vote at shareholders meetings ownership and control by members restriction on the business of Savings and Loan Societies to only taking savings and taxation exemption on profits made by the society.

Mr Acting Speaker, with that I now commend the Savings and Loan Societies Bill 2015, to the Parliament.

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

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

MESSAGE FROM THE GOVERNOR-GENERAL

A Message from His Excellency, the Governor-General dated 3 November 2015 was announced recommending the imposition of taxation in accordance with Section 210 of the Constitution insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Patrick Pruaitch**) 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 – put.

The Bill, requiring a majority of 56 Members as required by the Constitution, Mr Acting Speaker ordered that the Bells be rung.

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The Parliament voted (the Acting Speaker, **Mr Aide Ganasi** in the Chair) –

AYES – 78

NOES – 0

The Bill passed with the concurrence an absolute majority as required by the Constituton.

Bill read a third time.

Sitting Suspended.

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SPECIAL ADJOURNMENT

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

That Parliament at its raising, adjourn until Tuesday 22 March 2016 at 2 p.m.

ADJOURNMENT

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

That the Parliament do now adjourn

The Parliament adjourned at 2.36 p.m..