

FOURTH DAY

Tuesday 3 November 2015

DRAFT HANSARD

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FOURTH DAY

Tuesday 3 November 2015

The Acting Speaker (**Mr Aide Ganasi**) took the Chair at 2pm.

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

Sitting suspended.

Mr Acting Speaker again took the Chair at 2.30p.m, and invited the Member for Nawae, **Honourable Gisuwat Siniwin** to say the Prayers.

‘In the name of the Father, and the Son and the Holy Spirit, graces Father we acknowledge your presents and we thank you for appointing the leaders of this nation, Forgive us for we are the sinners and make us holy and righteous, Lord we come before you Depend us from evil, Depend us from the devils and defend us to be with you in all times. Father, what are we going to Deliver here, our 2016 Budget we believe you going to give us the wisdom and the knowledge to deliver on this Budget bless our Prime Minister, our Deputy Prime Minister, our Speaker and all Ministers, and all the Members of the Parliament.

Lord help us with the power of the Holy Spirit so that we may turn with you, stay with you and do things which is right, again we come before you, forgive our sins and bless us this afternoon and bless our Leaders and bless all of us, we ask this in name of the Lord and our coming king in his name we pray. Amen.’

BROADCASTING OF THE PARLIAMENTARY PROCEEDING – STATEMENT BY THE ACTING SPEAKER:

Mr ACTING SPEAKER – Honourable Members, I have to inform Parliament that the Permanent Parliamentary Committees on Broadcasting of Parliamentary Procedures has

met and resolved that the National Broadcasting Corporation will be allowed to broadcast and telecasted live the presentations of the 2016 Budget by the Minister at 2.00 p.m. this afternoon for News Purposes.

MOTION BY LEAVE

Mr JAMES MARAPE (Tari – 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 *Stand Orders* be suspended as would prevent:

- (a) the Minister for Treasury from presenting the 2016 Budget and associated budget papers;
- (b) the Appropriation (National Parliament 2016) Bill 2015, Appropriation (Judiciary Services 2016) bill 2015, Appropriation (General Public Services Expenditure 2016) Bill 2015 and the Supplementary Appropriation (Expenditure Reduction) Bill 2015 being presented together and debated as one; and
- (c) separate questions being put on the Second and Third Readings.

02/04

MESSAGE FROM THE GOVERNOR-GENERAL

Messages from His Excellency, the Governor-General, were announced recommending the expenditure of public moneys in accordance with *Section 210* of the *Constitution* insofar as the Appropriation (National Parliament 2016)) Bill 2015, Appropriation (Judiciary Services 2016) Bill 2015, Appropriation (General Public Service Expenditure 2016) Bill 2015, Supplementary Appropriation (Expenditure Reduction) Bill 2015 relates to and provides for such expenditure.

**APPROPRIATION (NATIONAL PARLIAMENT 2016) BILL 2015,
APPROPRIATION (JUDICIARY SERVICES 2016) BILL 2015,
APPROPRIATION (GENERAL PUBLIC SERVICES EXPENDITURE 2016) BILL
2015, SUPPLEMENTARY APPROPRIATION (EXPENDITURE REDUCTION)
BILL 2015**

First Reading

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

Second Reading

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

That the Bills be now read a second time.

Honourable Members and fellow citizens of Papua New Guinea, it is a great honour for me to present to this honourable House and the people of Papua New Guinea the 2015 Supplementary Budget and 2016 National Budget.

Mr Speaker and honourable Members, throughout most of this year the global economy has remained relatively weak. Advanced and developing economies have been grappling with risks associated with slower growth and a sharp drop in commodity prices.

The growth prospects have reduced for China, Japan, Russia and the Euro Zone and major oil exporting economies. The United States is the only major economy where growth has been improved but there are signs that even this may be faltering.

03/04

In 1996, the global economy is anticipated to pick up slightly, growing by 3.6 per cent but the latest forecasts by the International Monetary Fund and others may prove optimistic. Weakness is showing among many emerging economies, including Brazil, Russia and some Latin American countries.

China, the world's second largest economy after the United States, is also slowing down with large capital outflows occurring in recent months. Although the global economy is projected to pick up, significant uncertainties continue to persist.

Mr Acting Speaker, sharply lower commodity prices have made the O'Neill-Dion Government adopt prudent fiscal policies to safeguard PNG's 14-year growth record and medium term prospects.

PNG's economic growth remained robust at 9.9 per cent in 2015. The policies of the O'Neill-Dion Government will continue to address PNG's development agenda, as well as insulate PNG from declining government revenues.

In 2016, PNG's economic growth is projected to return to grow at 4.3 per cent, with some stimulus expected from Agriculture, Forestry and Fisheries. A rebound will occur in the mining sector when Ok Tedi resumes operations when the drought ends in 2016.

Mr Acting Speaker, depreciation of the kina exchange rate and drought impacted production of food crops is projected to increase inflation to 5.7 per cent in 2016. Over the medium terms, inflation is projected to be stable at 5.0 per cent.

Mr Acting Speaker, honourable Members, in response to risks associated with the significant fall in commodity prices and Government revenues, the Government prepared the 2015 supplementary budget. These measures were endorsed by the National Executive Council two months ago, in preparation for this sitting of Parliament.

On the 2015 Supplementary Budget, Mr Acting Speaker, with those introductory remarks I would like to explain why the 2015 Supplementary Budget has been necessary.

Many of you will recall the controversy generated with the release in July of Treasury's Mid-Year economic and Fiscal Outlook Report. It forecast that National Government revenues this year would drop by an estimated K2.5 billion.

Much has been said about the risks of a blowout of the budget deficit. I must inform this House and the people of PNG that the O'Neill-Dion Government has been assessing the situation since early this year. We avoided panic measures that would have adversely impacted on current policies and programs.

By September we were able to gain wide acceptance within government of measures that needed to be taken to protect the 2015 budget. Indeed, we have achieved an outcome that has been beyond the expectations of the IMF's Article IV delegation that took a close look at PNG financial situation in August.

The 2015 supplementary budget is comprised of reductions in expenditures and additional revenue measures. This has prevented the much feared budget blowout and brings the Government budget deficit in line with the original budget forecast.

Expenditure cuts of K1, 376.9 million are being implemented. Cuts were made to projects that are behind schedule in terms of implementation and idle funds that had not been used. Key policy platform priorities such as tuition fee free education and free primary health care remain unaffected.

The main expenditure cuts by sector are:

- Social Sector K123.6 million
- Economic and infrastructure sector K285.4 million
- Law and Justice sector K165.4 million
- Administrative sector K756.1 million and
- Provincial expenditure K46.4 million

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- Economic and Infrastructure sector K285.4 million;
- Law and Justice sector K165.4 million;
- Administrative sector K756.1 million and
- Provincial expenditure K46.4 million.

With the expenditure reduction of K1, 376.9 million, the revised 2015 Total Expenditure and Net Lending now amounts to K14, 822.2 million.

Mr Acting Speaker, the Government has also raised additional revenue totalling K1, 101.6 million for the 2015 Budget. This comprised:

- K250 million from IRC;
- K150 million from PNG Customs Services;
- K240 million from IPBC or the Kumul Holdings;
- K110 million from other State Owned Enterprises;
- K201.6 million from National Petroleum Company;
- K50 million National Fisheries Authority;
- K70 million from the Bank of Papua New Guinea; and
- K30 million from the National Gaming Board.

This brings the revised 2015 revenue and Grants to K12, 471.7 million. These actions will keep deficit close to the original Budget projections of 4.5 per cent of the GDP. Debt to GDP will remain within the Fiscal Responsibility Act Limit of 35 per cent, a significant achievement under the difficult circumstances.

Mr Acting Speaker, Honourable Members, the 2015 Supplementary Budget demonstrates that PNG can continue to enjoy a robust climate for private sector investment and growth. During the recent IMF and the World Bank annual meeting, our development partners were impressed by the actions were we taken to cope with falling revenues.

The 2016 National Budget

Mr Acting Speaker, I now turn to the 2016 National Budget and its theme “Supporting Economic Growth through Fiscal Discipline” These are challenging times not only for PNG but for many economies around the world. The 2016 Budget has been framed amidst the weak global economy, relatively slower economic growth that has been constrained by the current El Nino drought and low commodity prices. Despite this, the Government remains committed to ongoing priority expenditure programs that are important for future growth.

The 2016 Budget is set at K14, 208.8 million against a revenue envelope of K12,179.1 million .This translates into deficit of K2,029.7 million or 3.7 per cent of GDP , and will bring total debt in 2016 to 35.8 per cent of GDP.

Mr Acting Speaker, the 2016 Budget demonstrates the O’Neill –Dion Government’s bold commitment to fiscal discipline. This reflected through:

- Enhanced opportunities for our people through an improved investment climate with macroeconomic stability assured with a progressive return to a balanced budget in 2020,
- Expenditure prioritization and improved quality of spending;
- Structural reforms among State Owned Enterprises and the size and efficiency of the public sector;
- The effective implementation of major projects through improved design, scoping and implementation processes as well as open and competitive tenders;
- Support for key priorities in education, health and infrastructure, agriculture law and order and small to medium enterprises and
- Management of the government debt profile through capital markets, structural reforms and the issuance of a Sovereign Bond.

Mr Acting Speaker, funding is maintained for priority programs through improved efficiency measures in public services, expanding sources of finance and adjusting the Government's debt to GDP ratio to return to a balanced budget by 2020.

2016 Budget Revenue

Mr Acting Speaker, Total Revenue and Grants for 2016 Budget are projected at K12, 179.1 million. This is K292.7 million lower than the 2015 revised estimate. The major revenue components for 2016 are expected from tax receipts of K9, 976.6 million; K1, 134.1 million in donor grants and K1.1068.4 million in other revenues.

05/04

Tax Review and Revenue Reforms

Mr Acting Speaker, it is worth noting that the Government has delivered on its commitment to undertake a comprehensive review of PNG's tax system.

Last week I was pleased to take delivery of the final report from the Tax Review Committee. I would like to publicly record my thanks to the Tax Review Committee Chairman, Sir Nagora Bogan KBE, the Deputy Chair, Lady Aivu Tauvasa and Committee Member, Sir John Luke Crittin. They were ably assisted by the Tax Review Secretariat.

The Tax Review Committee has undertaken an extensive review of PNG's tax system with the overarching aim of improving the lives of the people of PNG through a more effective tax system. These reforms will assist the Government to deliver on its commitment to return to a balanced Budget by 2020.

Mr Acting Speaker, being an independent review, recommendations from the Tax Review Committee are not Government policy. The Government will study the Committee's recommendations with a view to implementing reforms in the 2017 Budget and beyond.

The Government is committed to reforms that will ensure taxpayers pay their fair share of tax and that PNG receives a fair return for all its natural resources. The move to a fairer and more broad-based tax system should help capture all forms of income, including capital gains which is presently not taxed.

A fairer tax system also ensures that any incentives or concessions are achieving their intended outcome. One particular example, the infrastructure tax credit, is one form of incentive that has expanded from its original application and requires assessing the public value of the benefits it provides.

Critical in any tax system is an effective tax administration. The Government will continue to invest in the Internal Revenue Commission and PNG Customs to enable improvements in their revenue collection systems.

Mr Acting Speaker, proposed recommendations from the Tax Review report included in the 2016 Budget are:

- Introduction of a GST deferral scheme for imports;
- Removal of discretionary exemptions of GST by the Head of State acting on advice from the NEC; and
- Suspension of negotiations on new double tax agreements and existing double tax agreements until consideration is given to the recently completed base erosion profit shifting report by the O-E-C-D and group of 20 countries.

2016 Budget Expenditure

Mr Acting Speaker, 2016 total expenditure and net lending is K14,208.8 million. This is comprised of K9,112.9 million in operational expenditure and K5,095.9 million in capital expenditure.

Mr Acting Speaker, although the 2016 Budget is K613.0 million lower than 2015 revised budget, key government priorities are not affected with improved outcomes likely to flow from better management and expenditure controls.

Mr Acting Speaker, free education for our children, free primary health care, assistance for agriculture and small to medium enterprises are core programs that will continue to receive full government support. Transport infrastructure continues to be funded to support longer term prospects for economic growth and to ensure our people receive adequate services. Law and order is maintained to ensure a safe and just society.

Mr Acting Speaker, funding is also assured to prepare PNG for hosting of domestic and international events such as the African Caribbean and Pacific Group (ACP) meeting; the 2017 National Elections and APEC in 2018. This follows the huge success in hosting the Pacific Games and creation of a range of world class sporting facilities.

Mr Acting Speaker, let me elaborate on allocations by sector.

- The provinces receive K3,662.0 million, or 26 per cent of the total budget, which is the largest share of the total budget. Major appropriations include:

DSIP K890 million, DSIP K220 million, LLGSIP K31.4 million, district support grants, K55.5 million; and Special Support Grants, K13.3 million.

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- The Administration sector receives K2,545.8 million, or 18 per cent of the total Budget, the second largest share of the Budget. Major projects include the Lands and Housing Program K20 million, the General Election K10.0 million, APEC Authority K80 million of which K35.0 million will be for both the national elections and APEC Security preparation, Drought/Disaster Relief Program K50 million and Agriculture Commercialisation Equity Fund K100 million.

Administration also includes large cross-agency items such as Multi-Departmental Payments of K8.1 million, Government Office Accommodation K200 million, Employer's Superannuation contributions K200 million, and Retrenchment K30 million which are allocated under Finance/Treasury-Miscellaneous.

- The Health sector receives the third largest share with a total of K1,565.9 million or 11 per cent. Key expenses include: Drugs and Medical Supplies K151 million; Church Health Grants K26 million, Free Health Care K20 million, HIV/AIDS Treatment Drugs K14.1 million and Medical equipment K5.6 million.

New projects under the Health sector include Angau Memorial Hospital Redevelopment K40.3 million, Port Moresby Specialised Referral Hospital Rehabilitation K20 million, and PSIP for Provincial hospital Infrastructure K225 million.

- The Education sector has received the fourth largest share of K1,312.5 million, or 9 per cent of the total budget. This includes Government's Tuition Fee Free Education K602 million, Nursing College Rehabilitation, Teachers College Rehabilitation, and Trade Skill Scholarship all receiving K10 million each.
- The Transport sector receives the fifth largest share of K1,254.1 million or 8.8 per cent. This comprises Government funded Highlands Highway (K200 million), Lae Nazab Road K45.0 million, EastMest New Britain Highway (upgrading) K20.0 million, National Highways (K70 million), Lae City Roads and Port Moresby International Terminal Upgrade both K10 million each. The Transport sector includes counterpart funded projects. These are Port Moresby City Roads, Highlands Region Roads Improvement Investment Program and Transport Support Sector Program Phase 2.
- The Law and Order sector has received the sixth largest share of K1,240.9 million or 8.7 per cent. This includes Police Modernization K37.6 million, the Defence Rebuild Program K22.1 million and the National Judiciary Waigani Court Complex Redevelopment K80 million.
- The Economic sector is allocated K610.6 million; the Utilities sector K378 million, and debt servicing K1479.6 million while the Community and Culture sector has been allocated K156.4 million.

Mr. Acting Speaker, these appropriations reflect the Government's commitment for policy priorities and broad-based economic growth. With these appropriations, the onus is now on the nation's political leaders and public servants to ensure efficient service delivery and improved livelihoods for people throughout PNG.

2016 Budget Financing

Mr Acting Speaker, I now turn to the financing of the 2016 Budget. The Government intends to move the country's Debt to GDP ratio onto a downward trajectory while supporting medium term development. The reduced 2016 deficit of K2,029.7 million equates to 3.7 per cent of GDP.

07/04

The Government Debt Profile will be managed by expanding source of finance including issuance of a Sovereign Bond to ease pressure on the domestic debt market.

A significant proportion of proceeds from issuance of PNG's first Sovereign Bond will be used to reposition the Government's debt portfolio in accordance with prudent guidelines.

In addition, Mr Acting Speaker, the Government in conjunction with an IMF Technical Existence Team will be undertaking a debt sustainability review. New debt benchmarks for 2017 and subsequent years will be determined following the outcome of this review and included in an updated Medium Term Public Debt Management Strategy.

Mr Acting Speaker, I am now pleased to confirm that revenue will start to flow into Papua New Guinea's Sovereign Wealth Fund in the first quarter of next year.

In 2016, revenues flowing into the Stabilisation Fund will be drawn down into the Budget to fund key priority policy areas. This landmark legislation was passed in July. I thank all Members for their bi-partisan support for the PNG Wealth Fund designed. As a long-term investment vehicle, it will serve Papua New Guinea for decades to come, reducing our vulnerability to external shocks such as the current fall in commodity prices.

The Sovereign Wealth Fund has been designed to fight the highest standards of accountability and good governance. Funding has been allocated in 2016 for an appointment of an experienced and well-qualified Board and a Sovereign Wealth Fund Secretariat.

In 2016 the Government will issue the Board with its investment mandate and government expectation on management of funds.

Mr Acting Speaker, as you know, this is a reforming Government. It is not a Government that thinks that the economy and the institution that supports it to run on an auto pilot. We need to make sure that our public service is meeting the needs of the population and operating effectively as possible.

The Prime Minister told cadets graduating recently from the Defence Force Academy in Lae that this Government is reforming the Defence Force Superannuation for the servicemen and women have retirement incomes that reflects the years of service.

In 2016 members of the Defence Force Retirement Benefit Fund will be given the choice of moving from a defined benefit scheme to an accumulation scheme. The Government will consider further reforms in 2016 once this change to the Fund has been achieved.

Mr Acting Speaker, PNG became an Extractive Industry Transparency Initiative candidate country in 2014. The implementation of EITI will show the direct and indirect contributions of resource companies in PNG.

Improved public understanding of revenue flows in the extractive industry, strengthen revenue generation and collection and provide a platform for effective engagement between various stakeholders.

Work on the EITI report has commenced, the international accounting firm, Ernst and Young, have been engaged by the PNGEITI Multi Stakeholder Group (MSG) as the Independent Administrator to produce a report which is scheduled to be launched in December, 2015.

Mr Acting Speaker, the importance of micro-economic reform as an engine for sustainable growth has led the O'Neill-Dion Government to endorse key reviews into the financial services sector and a competition policy framework for the economy. These are expected to be completed in 2016. The review is covering ways to improve the integrity of financial flows between levels of Government and its citizens and encourages growth and expansion of a sound debt market.

Mr Acting Speaker, the competition policy review will consider how we can enhance consumer protection and address barriers and impediments to completion, including those faced by women.

08/04

SOE Reforms

The Government is about to undertake the largest restructure of State assets since the establishment of the Independent Public Business

Corporation in 2002. The Kumul Consolidation Agenda (KCA) will manage all State assets, including State Owned Enterprises (SOEs) and mining and petroleum interests.

The Government will continue to promote more efficient State Owned Enterprises through policies that require them to operate in accordance with commercial principles. These principles include responding to shareholders expectations to receive dividends as a return on their investment. In the case of SOEs the shareholders are the people of Papua New Guinea.

Public Private Partnerships (PPPs).

The Government is working to create an improved climate for growth of the private sector by continuing to work on the establishment of the Public Private Partnership (PPP) centre to maximise available avenues for delivery of improved infrastructure and Public Services.

Dividend Policy

Mr Acting Speaker, the Kumul legislation has put in place a new framework for management of State assets, while enhancing governance arrangements.

Mr Acting Speaker, I'm pleased to announce that the Government has recently endorsed a dividend policy that will apply to SOEs and Statutory Authorities going forward. The policy provides enhanced transparency and predictability around the State's expectations as shareholder. It sets out what relevant Boards need to consider in managing State investments and in declaring dividends.

Government Finance Statistics

Mr. Acting Speaker, I am pleased to inform this House and people of PNG that this Government has adopted the International Monetary Fund Government

Financial Statistics 2014 reporting standards. The 2016 National Budget Volume 1 is the first document presented using this new reporting standard while Volumes 2 and 3 will be adopted in the 2017 Budget. The intention to improve the reporting was announced in the 2013 Budget.

The coverage under GFS 2014 is of all institutional units that materially affect fiscal policy. This includes budgetary and extra-budgetary units as well as activities of public corporations. This will ensure international comparability and improve fiscal analysis, government policy decision making, transparency and accountability and improve economic analysis. It provides consistency with other macroeconomic accounts — Balance of Payments, National Accounts, Monetary Accounts and other Financial Accounts.

Expenditure under this reporting standard is K14,762.6 million as reported in Budget Volume 1 and it includes estimates for GST and Bookmakers tax transfers to provinces. Excluding these items, the Expenditure appropriation for the 2016 National Budget remains at

K14,208.8 million of which K9,112.9 million is operational expenditure and K5,095.9 million is capital expenditure as mentioned earlier.

Mr, Acting Speaker, in conclusion by adopting a conservative stance on the 2015 and 2016 national budgets, the Government has continued to build on the foundations of a strong and vibrant economy that will provide improved opportunities and higher living standards for our people.

While we continue to face challenges, this country is now in a position where all children have access to tuition free education. Basic health services are free and record levels of investment is being made in hospitals and Aid Posts.

We face teething problems in education because in recent decades very little has been spent on schools. However, funding is now being made at the national, provincial and district levels. The wherewithal is there for a massive turnaround that should capture the public imagination.

We still have a lot to do to improve the institutional framework to support agricultural development. Record spending is occurring but much more needs to be done to improve private investment in agriculture.

Mr Acting Speaker, Honourable Members, I commend the 2015 Supplementary Budget and the 2016 National Budget to the House.

Thank you Mr. Acting Speaker.

09/04

Motion (by **Mr Don Polye**) put –

That the Parliament take note of the Paper and the debate be adjourned to a later date.

Motion not carried.

Mr Don Polye – Point of Order! Mr Acting Speaker, my first point is that we have a division. Secondly, in the tradition of Parliament it is adjourned for seven days for the Opposition to study and respond and make constructive contribution to this Parliament. In this adjournment, the people of Papua New Guinea can consult their mandated leaders on the Budget

document because it is a normal tradition of the Westminster System. It is also a normal convention of democracy since independence of this country.

Mr Acting Speaker, today for this Government we want to hand down the Budget and pass it at the same time, it is absurd. I don't believe that this is the correct process and it is breaking the traditions of the Westminster System of Government. I don't think the Cabinet Ministers know about this Budget, but it has been hijacked, very un-transparent and undemocratic. This is denying the rights of the people through their representatives.

My point of order is that this Government has erred and must rescind its vote and allow for the normal 7 days for this Parliament and the people of Papua New Guinea to study and constructively debate next week Tuesday as it is a tradition of democracy.

Division

Motion (by **Mr Don Polye**) proposed –

That the Parliament take note of the Paper and the debate be adjourned to a later date.

Mr ACTING SPEAKER – There is a division and I will have to entertain the division. Honourable Members, there was a division and there was a seconder I will ask Parliament to vote on it.

Those in favour of the adjournment please stand.

Mr Don Polye –We have to adjourn for 7 days, people of Papua New Guinea are watching all you Members.

(Members interjecting)

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(Members applauding)

Mr ACTING SPEAKER – Order! Order! The vote has been taken. Order!

(Members interjecting)

Mr ACTING SPEAKER – Order! Order!

(Mr John Pundari interjecting)

Mr ACTING SPEAKER – Order! Order!

(Opposition Members interjecting)

Mr ACTING SPEAKER – Order! Order!

(Mr Fabian Pok interjecting)

Mr ACTING SPEAKER – The voting is in progress. Please, order! The Opposition Leader, the vote is in progress.

(Mr John Pundari interjecting)

Mr ACTING SPEAKER – Order! Order! Honourable Members, the Chair wish to inform this Parliament that we have taken the vote.

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

AYES – 12

NOES – 84

Motion negatived.

Mr ACTING SPEAKER – Honourable Members, I must inform this Parliament that this is not the first time that this has happened.

11/04

Mr ACTING SPEAKER – Honourable Members I must tell you that this is not the first time that this has happened, on a Wednesday November 7, 1990, when the Budget was presented it was passed the same day.

(Members interjecting)

Sir Michael Somare – Point of Order!

Mr DEPUTY SPEAKER – We will proceed, I will not entertain a Point of Order. I have made a ruling.

Mr CHARLES ABEL (Alotau – Minister for Planning and Monitoring) – Thankyou Mr Acting Speaker, Parliament is exercising its mandate and a precedence has been set in such matters so I take the opportunity to rise up and commence the debate as the Planning Minister.

Mr Acting Speaker, the Budget document before us is in totality and all the details are contained therein. The good Treasurer has given us an outline of the resilient features of the Budget and our Government's attempts to respond to difficult circumstances that were raised many times throughout the year.

Mr Acting Speaker, our Government did not panic, we can't have kneejerk reactions to such circumstances. We have to take considered and mature approach to these things we don't know how lasting these changes will be, and we don't know how severe and so our Government has done that. And it brings this document to the Floor of Parliament trying to be responsible, trying to live within our means and trying to live within the *Fiscal Responsibility Act* and trying to continue to lay the foundation for the future of Papua New Guinea.

Mr Acting Speaker, as the Treasurer has presented those details and it is not my intention to go through with the and repeat those details but I refer us all to his Budget speech; I refer us all to the most summarising comprehensive document which is volume one of this Budget book series and I refer everybody to the foreword to the PIP Volume which contains my statement there.

Mr Acting Speaker, also in order to try and add value to this Budget process, the Department of National Planning and Monitoring has attached this folder at the back as well. We are trying very hard to contextualise this budget process, we are trying very hard to say that our Government has set a framework and a five year outlook which is our Medium Term Development Plan (MTDP) but also the Government has tried very hard to revisit the underlying principle of our Constitution and set the foundation in terms of principle that will then drive the development budget and that is the national strategy for responsible sustainable development. To set that context and to provide some sort of reporting against the outcomes we attached these documents. I know you cannot read them all at once but there is a very simple capital outline summary on top, very simple. You can read it and we are going to be debating for several hours tonight, have a good look at that Results Monitoring pocket book for the MTDP it's also here. It shows how we are tracking in terms of human development index population growth and health and education statistics are all in here. We also have the Mid-Year Capital Investment Budget Implementation Review Summary Report provides more detail on the implementation of the Public Investment Program and we also have the National Government critical activity matrix up to September to show how the 15 or 16 main headline activities of our Government progressing. I always speak about improving the reporting system and as part of that process we want to on an annual basis table with the Budget some of these documents and these documents are not perfect and we want to continue improving through them so that they are up-to-date and accurate as possible.

Mr Acting Speaker, I have spoken at length about our other efforts under the statistical system that we are trying to improve collection of data and ofcourse the National ID program is a part of that.

Mr Acting Speaker, I am not going to make a long statement, I have a short written statement here and I just want to say quickly that I thank the Treasurer once again and his Department for leading the process and I also thank the Department of Planning and Finance and the teams at Vulipindi Haus for the long hours that they do as Budgets are being prepared and these related documents. I also thank the Prime Minister and the Cabinet in this process, I also thank the Ministerial Economic Committee chaired by myself and the Treasurer. I thank the Parliamentary Budget Estimates Committee that has also reviewed this document and I thank the

Government Caucus that's also had an opportunity that also had an opportunity to look at this document and of course also thank you to Parliament.

12/04

This is the fourth budget handed down by the O'Neill-Dion Government since taking office in 2012 and of course my fourth as the Planning Minister. Our budgets have been focused with the foundations for a prosperous and sustainable future and we continue that theme in this budget today, the Supplementary Budget and the 2016 Budget with the added emphasis on fiscal discipline. Fiscal discipline is what you will see on the name or the theme of this Budget.

Planning has the responsibility of framing the development budget or capital component of our budget. But as we move towards more integrated budgets this distinction or difference should become less important.

The task before us as a government in partnership with all the stakeholders is to build and maintain a minimum physical and human capital through services and sustain our population at the highest standard of living possible and this has to be done in a responsible and sustainable way.

Budgets have to be seen as an integrated single document or financial plan but very much embedded within a longer term road map that provides a necessary guidance to the short term plan.

The longer term road map must be supported by underlying principles or road rules. We must try and abide by those road rules, hard as they may seem sometimes because those rules help us avoid accidents or get into the wrong destinations.

These road maps may not necessarily proceed in a straight line because they are designed to cater for circumstances that are changing, lessons learnt from history and our competitive strengths and weaknesses.

The development process, Mr Acting Speaker is much more than just collecting and spending money. It is much more than Gross Domestic Product and endless growth. It has to be about human development and quality of life. It is a collective effort by all citizens and friends. It is not about blaming the government for everything. It is not about constant negativity, it's about looking for solutions, being proactive and making a better contribution. Everybody has their part

to play, Mr Acting Speaker, from the Prime Minister all the way down to the subsistence farmer and it is about creating a better future for that farmer and his children.

Planning's role is to attempt to remind us of the need to adhere to a long term strategy and development principles. What are these principles? Well, they are laid out in the great Constitution of this country, Equality, Fairness Respect for the Environment and Papua New Guinea Ways.

Planning's job is to also attempt to report the progress against these efforts and that is why we have package these documents.

Mr Acting Speaker, I just quickly take the time to thank all our value development partners, big and small for their contributions in big and small ways and their continued journey with us.

Planning has developed a Development Cooperation Policy to guide these activities with our development partners. This is complete now and simply requires the endorsement of Cabinet and a launching this month.

Mr Acting Speaker, there are some critical factors which emerged from this Budget today. One is the fact that we remain vulnerable to external shocks. The advent of the El Nino is one such factor. The severity and duration of the drought conditions in particular is a great challenge.

There is a social and humanitarian impacts as well as the revenue implications as seen by the impacts on the Ok Tedi Mine and other mines and then there are the obvious cost side impacts. Mr Acting Speaker this year is actually the hottest in global terms on record.

The strongest typhoon ever recorded in the Western hemisphere recently hit Mexico, weather incidents are more regular and more severe than ever before. We need to plan better for this in terms of reaction and mitigation or resilience but also in terms of actions on climate change.

Papua New Guinea, as I keep saying, is actually presented with opportunities here as well as challenges because we can actually sell climate security to the world through our forests and reefs. And as our star strategy talks about, we need to take on a paradigm shift in development thinking and respond in a smarter way to this global challenges. Our Government thinks that business as usual is not good enough. We need to see our forests, tuna and biodiversity water as the strategic global assets they truly are.

Mr Acting Speaker again through our government policy we say we also need to manage our population numbers so we can provide properly to each and every child and protect the health of mothers and families.

13/04

Climate change is the result of too many human activities, too many people driving cars, chopping forests and so on. Papua New Guinea needs to begin to lead a change rather than be late and be a copycat.

Climate change is fast becoming a number one global challenge so how do we respond to this proactively, and positively rather than as victims asking for rescue. The other massive shock to our budget Mr Acting Speaker, is the collapse of the price of oil.

Commodity prices are also low and this is a typical matter but nobody predicted the crush in the prices of oil to such an extent that it did.

Mr Acting Speaker, we have aggressively adapted deficit budget and rightly so to invest in development. We did this largely on the back of PNG LNG development and to create physical stimuli. We collectively delivered this huge project successfully only to find that the price of oil and consequently gas collapsed just after the first production.

Mr Acting Speaker, though it is a low cost project by world standard, we still anticipate and expected some revenue coming through but not at the level we anticipated originally. Prices will turn around Mr Acting Speaker, there are no doubt that we have good times ahead that will arise from this particular project and the others that are on line.

The points in terms of the risks Mr Acting Speaker, is that we continue to remain an economy that is too reliant on oil and gold prices and even primary produce whether it be logs, tuna or coffee. There are global external factors that are beyond our control. They have come together in a double warning and this can be seen as a little bit of bad luck to have these two come together at the same time.

The 2016 budget therefore, Mr Acting Speaker, is based on responding to this global external circumstances in a considered and responsible way. The 2016 supplementary and 2016 budget see a decline in the scale of the annual budget for the first time in many years. We must maintain our trend back to a balanced budget. We must be weary excessive debt and its worrying costs and stick to the ceiling of 35 per cent GDP which we are.

We must see this situation Mr Acting Speaker, that the chance to push some reforms in terms of revenue collection, expenditure cuts and efficiency. The debt polio must be restructured and brought properly under full oversight of the Treasury as he provided in his budget papers.

The automatic growth in the public service particularly in Waigani must be stopped and questioned and justified. The government payroll must be cleaned up and the national id program will support the Department of Personnel Management here.

We must continue Mr Speaker, as we are tempting to do to develop an economic that is broader based and value adding.

Mr Acting Speaker, 2015 is the final year of the millennium development goal and we have also finished that report that was tabled at the United Nations General Assembly this year by the Deputy Prime Minister. Some of the stories are not pretty but I can say that we are beginning to make some gain in education, infant mortality and HIV Aids prevalence and the rates of malaria.

Mr Acting Speaker, the world is progressing towards sustainable development goal and as I have explained our government has its own national strategy for responsible sustainable development.

The details are in the budget book before you in particular volume one. I want to close up by saying that this government has struck its major commitment despite this difficult circumstance. Our government has been bolder than any previous government. We have gone out to create record budgets to invest in education, health and infrastructure in provinces and districts unlike ever before. There are more children in school especially girls, more classrooms are being built and more roads are being build and maintained. More health facilities, airports and more policemen and nurses. The underlying basic education, health and infrastructure support the development of everything else including the economy. Something that the Minister for Works always talk about.

Mr Acting Speaker, the primary and secondary education is now free. Primary health care is free and secondary is now subsidised. The minimum wage has been increased. The tax free threshold on personal income was raised from K7 000 to K10 000. Church workers pays are now equivalent to the public health workers pay.

14/04

Village court magistrates are on proper pay roll and university allowances have been re-introduced. Most districts and provinces have tertiary scholarship schemes, and housing loans are now available at four per cent over 40 years. Land is now made available free for first home buyers at district and provincial level the SIP funds enable interventions right down at the household level, council ward level, LLG and urban local-level government level.

Mr Acting Speaker and you will see in the documents we provided here we provided some examples of the DSIP at work. The Pacific Games was a stunning success and the infrastructure remains and will house our University students and enable more world standard events for our athletes and also generate economic activity.

As the Treasurer explained, Mr Acting Speaker, we want the need to do more for agriculture, tourism and SME's and in 2016, despite the difficult circumstances, provide increased allocations here.

Mr Acting Speaker, we have to respond to the drought, we also need to prepare for the Election and we have some major upcoming calendar events including APEC 2018.

Mr Acting Speaker, we also have some exciting projects in the pipeline in relation to gas and Wafi Gold Mine and others that our Government is trying very hard to bring over the line as well while also building the platform for sustainable economy. Thankyou.

Mr BEN MICAH (Kavieng –Minister for Public Relations & State Investment) – Thankyou Mr Acting Speaker, for giving me this time to debate the 2016 Budget.

Since the handing down of our first Budget of the country at Independence in 1975 by the first Finance Minister and founding leader of the Peoples Progress Party, Right Honourable Sir Julius Chan, 40 Budgets have been handed down under different Governments and under different Finance or Treasury Ministers. This is just the forty- first Budget that is being handed down by the Leader of the National Alliance party and someone who I think now holds the record of the longest serving Treasurer in the short history of our country. I believe 12 years or 13 years as Treasurer and I believe he is, sorry, five or six years and I believe that is quite a long time for somebody to hold this very important portfolio.

This is one of the most important documents that is discussed annually by the leaders in this Chamber as a very important money plan for the preceding year where this money plan is

going to be implemented. On behalf of my political party, as the Leader of my political party, I want to congratulate the Treasurer and his team from his Department as well as the Planning Minister and his departmental team and the team from Finance, IRC, Customs, as well as those from my ministry, especially the two major state owned companies Kumul Petroleum and Kumul Consolidated Holdings who are now contributing significantly into the revenue flow through dividends into the supplementary Budget and the 2016 Budget . I represent my Party and I also represent my Ministry in the O'Neill - Dion Government to congratulate the two Ministers and their departmental teams who have worked hard to produce this Budget.

A budget is just like any money plan for any organisation for family small or big for that matter. The expectations and the needs are far greater than what is available to share around or to be able to meet the expectations of everyone. Within the Cabinet, we also have disagreements because maybe some of us did not receive funding for some of our projects which are really essential for our various departments. That is the nature of the business. We cannot satisfy everybody, I am sure the Governors are studying the document very carefully and they will not be happy that they did not receive allocations for some long awaited projects. It is a very difficult position to be in as Treasurer or Finance Minister to prepare a Budget document.

15/04

Especially during that time projections of 2015 Budget failed because of the Circumstances beyond our control really. This resulted in the introduction of a Supplementary Budget, which was a very responsible idea for any government to do I congratulate the Prime Minister and the Minister for Treasury for addressing those these anomalies with a Supplement Budget.

Mr Acting Speaker, it's a very difficult task. I joined politics in 1992 to 1997. I played politics as a student leader and outside in different capacities and I have observed how the many expectations of the people, Through the elected representatives, and how the expectations of Ministers have not been met because of the fact that we can only have so much revenue to try to accommodate a very huge expectations that is out there.

Mr Acting Speaker, I have witnessed two Budgets not being able to be passed either because there was a vote of no confidence looming or if successful vote of no confidence resulted in Budget being blocked and supply bill has to be brought in. I remember one or two

times that has happened where we had to approve a Supply Bill and approved the national Budget in the following year. At that time Sir Julius Chan was then Minister for Finance and Planning in 1992 or 1993. And that was the longest Budget debate I have ever witnessed and it was passed at 3 o'clock in the morning.

Mr Acting Speaker, we had to continue until all the elected members spoke in that debate. And now I don't know if Minister Pruaitch can beat tonight. If we continue you will beat Sir Julius who presented the longest Budget debate of 1993 or 1994 at 3 o'clock in the morning.

Mr Acting Speaker, the issue is not whether we debate today or next week or next year the Supply has to be brought in, I think its not so much as important as the substance we are debating on but how the two Ministers for Treasury and National Planning can to accord everything to meet our expectations.

Mr Acting Speaker, one of the important things that we as elected members of Parliament cannot complain about is the reforms. The reforms were initiated by the Governor of Western Highlands. As the Prime Minister in 1992, he initiated the reforms that came about as a result of the United Nations Development Program Report which listed PNG as one of the lowest in terms of social indicators in the world.

Mr Acting Speaker, at that time the then Prime Minister, Mr Paias Wingti made a very bold announcement that he would cut down the cost of government by removing 19 provincial governments and only two levels of government will exist, that is the National Government and the Local-level Government.

And I unfortunately became the scapegoat of such ambitious program because in the end I became a victim in 1997, and all the provincial government members in New Ireland campaign at against me and I lost the election with the then Prime Minister Sir Julius.

But the point I am making here is that with all your talk on social indicators and UNDP reports, we already knew about the UNDP report in 1992 to 1994. two former Prime Ministers are present at the back and we created this reform so that we don't have to politicise the distribution of the small food we have in the Budget. This is the first Government with respect to the previous governments of Sir Michael, Wingti, Chan and Morauta that has recognised through this structure of channelling money down to the provinces, districts and local-level governments.

16/04

It is fixed in the Budget. When we walk away, we are going to worry about the little things like my department did not get such or my province did not get so much but other than that everything is okay. The main requirement for channelling what our people really need at the LLG levels, the district levels and the provincial levels are locked into this Budget. Therefore whether we debate it today or debate it next week, you will still get your DSIP and PSIP funds.

Mr Acting Speaker, I do not have much to say but we have our former Prime Ministers sitting amongst us –

Mr Mark Maipakai – Point of Order! You are the very person who said that power black-outs will be a thing of the past but now we are still having power black-outs so stop making political rhetoric.

Mr ACTING SPEAKER – Minister, you may continue!

Mr BEN MICAH (Kavieng – Minister for State Enterprises & State Investment) – Thank you, Mr Acting Speaker. Before I finish what I have to say, I would like to acknowledge the contributions of our former Prime Ministers.

If former Prime Minister Wingti and former Prime Minister Chan did not reform the system and create a structure for the LLGs, districts and the provinces which we are currently enjoying then this money will not have a place to go. It will be like before when only the government benches will be enjoying the benefits while the opposition benches and the back benches will have nothing.

Mr Acting Speaker, I think we have got the fairest, the most equitable approach and strategy that any government since Independence has come across utilising the constitutional structures of government to ensure that reasonably every Papua New Guinea gets his or her piece of the pie which we passed in 2013 under the creative leadership of the current Prime Minister.

Secondly, I would like to acknowledge Sir Michael Somare's Government including the Treasurer, the sitting Prime Minister and the current Opposition Leader. Your decision to bring ExxonMobil into the country and actually carrying out work that was promised by Chevron Niugini and Oil Search was well done. It made it possible for us to now expand the boundaries of

the revenue base. We can now talk about things that we couldn't 5 – 10 years back. Oil prices will go up because the Arabs are playing games with the Russians and the Americans but we all know that the fundamentals that exist in the structure of our economy will not change.

The fact that we have some of the largest reserves of minerals on the land and in the sea gives us a value of how much we can produce. We already know the value of the oil and the gas that is going to come out of P'nyang or Elk Antelope and that will not change.

Mr Acting Speaker, let us not be jumping up and down and use cheap points to score political points knowing very well that tomorrow the sun will shine again. The sun will shine on one of the greatest countries in the Asia Pacific Region.

I am talking about the money plan and the distribution of money down to the provinces, the districts and to where the departments of all levels of our government will function. Even if our people do not get 100 per cent service

17/04

I bet you, as soon as the sun goes down tonight and come up tomorrow, there will be money available to rectify the issue, the issue of the 2015 Budget and next year for 2016 Budget, Mr Acting Speaker.

Dr ALLAN MARAT (Rabaul) – Thank you Mr Acting Speaker, only God alone knows, no one in this Chamber will point fingers because when you are pointing your finger one way and all the rest are pointing back at you.

Mr Acting Speaker, the issue of stealing and whatever we are not saints here in this House so please Member for Bulolo I think it best, you are not a champion of righteousness. You are just like me, we are mortals who have weaknesses and I think its best that we do not expose ourselves too much in this Chairs, we should have respect for one another.

Mr Acting Speaker, those documents are the same document that we have been receiving, it is the same that we have been receiving last year and 2013 Budget. There are many things that are in it but I only discuss with NEC this is because this reforms that we come up in order to streamline the cost of Government for the last 25 years.

The Government System has become bigger and I think the biggest challenge for this Government is and I think we are all aware of it so we must not talk too much. To see if we can

cut down on recurrent expenditure in the bureaucracy I think this is the biggest thing that will address the issue of corruption because corruption is stealing a lot of our money that is illegally going somewhere else and denying the people of our country for the right for expenditure through the appropriation.

There are many things that we need to address together and I want to commend the Prime Minister for bringing the IPAC Bill. I think when IPAC comes in it will focus on chasing anybody, not only in this Chamber but outside too. So, it will enable the issue to address the issue of corruption and address the issue of cutting down of expenditure in the Government System that is also stealing the Budgeted money that should be really going to the essential services that our people need out there in the rural area, in the districts.

So, I commend this Budget I want you to pass it quickly and we go for a good festive season and get ready for next year. Thank you, Mr Acting Speaker.

Sir PUKA TEMU (Abau – Minister for Public Service) – Thank you, Mr Acting Speaker, I stand in support of the Treasurers 2015 Supplementary Bill and the 2016 Budget. Thank you, Treasurer through the Speaker, thank you our Planning Minister, the two most important statement that I wanted to hear was both from the Treasurer and the Planning Minister.

As Member for Abau they have given me the assurance that the funds that are needed for rural development have once again been secured in this Budget, both for me as an Open Member and for Honourable Governors and for everybody.

Mr Acting Speaker, when I look at the summary on page 8 of the Honourable Treasurers Statement it says that the Provinces receive K3.6 billion which is 26 per cent of the total Government and that is because this Government, under the leadership of the Prime minister has given the greatest allocation to where the our people are provinces, districts and the villages a massive K3.6 billion.

Mr Acting Speaker, this morning at the Budget lock up our bureaucrats as well as the Treasurer and the Planning Ministers have already informed the nation of the Government Budget for next year so everybody knows about it we are just going through the formalities. The debate to be postponed for a week is just a convention, no law on it.

So, I commend the vote that is in support of us debating all afternoon and even tonight to pass this Budget Bill because this is what the people are waiting for not for another week or two

weeks or three weeks, everybody will have their turn when the papers print the Budget tomorrow morning then debate will go and come including the Opposition.

Mr Acting Speaker, I come from the maritime district and when boats sail out they are loaded and when the storm is forecasted there are two types of captains Mr Acting Speaker, one is the steady captain as loaded as the boat is he doesn't worry about the big storm he steadies the ship and goes over the storm, the second captain is a worried captain that captain will throw everything out in order to survive.

Earlier this year, the Leader of the Opposition behaved like the other captain that was worried that the storm was coming, he is trying to call for reviewing of the Budget but we had a steady captain.

18/04

Look at the 2015 Supplementary Bill, we covered it with the Law, the Fiscal Responsibilities Legislation. We are within that law and at the same time look at what the Planning Minister has outlined and the Treasurer has outlined.

Look at Port Moresby City, look at Lae City, look at all the roads and look at how we proudly hosted the Pacific Games, the best games ever. Despite the global crisis and despite the oil prices going down, we still steadied the ship and change our priorities. The DSIP, PSIP, education and health policies remained. All the parents did not have to dig into their pockets to pay for their school fees because we steered the ship. Therefore, I would like to congratulate the Prime Minister. This is what this nation needs.

Mr Acting Speaker, at one time, we had a good a good time after the 2007 Elections.

Mr Acting Speaker, I was the Deputy Prime Minister and the economy was also moving but one thing that happened, and which was wrong was that, the Treasurer threw away the key. Our Treasurer threw away the key. We had so much development needs but we were not moving with expenditure. Highways were breaking down, hospitals were falling apart and the health sector was not moving. Although the economy was growing we were told to cut the budget and maintain discipline.

Mr Acting Speaker, despite the global crisis, I, would like to convince you and our people that despite the global crisis and oil prices going down well below the expected price, we have sailed through. Look at the Report that Treasurer presented where the IMF made comments.

They have commended us because we are within the laws that we had passed on the Floor of Parliament.

I have been advocating for increasing the debt GDP ratio through amending the Law rather than parking it at 35 we moved it up to 40 so we had a bit of space. Therefore, I was one of the advocates for that. Nevertheless, look at the Budget presentation that the Treasurer presented.

Mr Acting Speaker, once upon a time I was the Health Secretary. You look at some of the items that the Treasurer had announced. The health sector will receive the third largest share and 11 percent of the Budget. In the previous years Health only received 5 percent of the Budget. No government in the history; some Prime Ministers are sitting with us today; no government has ever given 11 percent of the National Budget to Health.

Mr Acting Speaker, no government has ever gave K151 million for drugs alone as reported by the Treasurer in his Budget Speech. I use to go and cry for more funds for medical supplies, drugs. With that, K10 per capita is the World Health Organisation (WHO) standard. Therefore, with the K151 million for the 7 million people of this country we have doubled it.

Therefore, Prime Minister, thank you for doubling the budget for drug supplies in our country.

Mr Acting Speaker, there have been movements about a vote of no confidence against the Prime Minister.

Mr Acting Speaker, let me tell you, when the country is going down, when the economy is going down, when salaries are not being paid and when the roads are falling apart, then that's when the vote of no confidence will come. Not now, because I have seen nothing that warrants a vote of no confidence against my Prime Minister, there is no reason for introducing Vote of no Confidence.

Mr Acting Speaker, I think the Treasurer will remember the time that I whispered to him while I was the then Deputy Prime Minister. I whispered to him and said, Treasurer, with the economy going up let us give the districts K10 million. The Treasurer agreed but the both of us could not do it. The Prime Minister, the Grand Chief, at that time could not give us the funding but under the Prime Ministership of Peter O'Neill this was made into a reality. But that was not all, more funding was allocated with another K3 million for education, K2 million for health, PSIP and all the Governors receiving K5 million per district.

19/04

This has never happened before. Decisiveness is what this nation needs in this Prime Minister, who has the ability to decide when it is demanded. That is the type of Prime Minister needed in this time in this country.

Mr Acting Speaker, last night I proudly rode the Kumul Flyover at 10 p.m, once more. How proud I was as a Papua New Guinean, that the nation's Capital is very modern at this time. Never before was the capital city like this. Never.

If one reads the economic books they will find that if you invest in cities the economy will begin to grow. It is written in all the economic books in the world today. When we invest in infrastructure in towns and cities where people are congregating the economy will grow.

(Members interjecting)

Sir PUKA TEMU – Mr Acting Speaker, I have been around as long as some of them too. They cannot speak against me because I know about them more than they know me.

(Laughter in the Chamber)

Sir PUKA TEMU – Mr Acting Speaker, they should just shut up and listen. Otherwise I will speak in Motu language and they will not understand.

Mr Acting Speaker, I am grateful today to the Prime Minister for allocating K40 million for the Central Province hospital.

The former Prime Ministers like Sir Michael Somare who converted the General hospital into the national referral hospital my people had no hospital. Sir Julius and Pias Wighti never allocated this much too.

Today my people are rejoicing because K40 million has been allocated to construct a new hospital. The grand Chief, Sir Julius and Mr Wighti were afraid but yet they have lived here in my city all their lives.

Mr Paias Wingti – Mr Acting Speaker, I want the Minister for Public Service to focus on the debate. He called my name and Sir Julius but we never had the money at that time and were not able to give you but I think we need to get some facts corrected here.

Mr ACTING SPEAKER – Minister, you are not allowed to call of names, continue.

Sir PUKA TEMU – We are thankful that we successfully negotiated the PNG LNG Gas project. But that's 'water under the bridge'. The greatest challenge is on how we use the revenues on this Floor to impact the lives of our people. That is why I support the Budget.

Before I conclude, I want to speak as the Minister for Public Service. I urge all the Governors from today onwards, there will be no more restructure that will increase the wages bill because I will refuse it. I will only accept the restructure that will reduce your wages bill.

All the Governors will be required to sign all the provincial administrator's contracts and you must put your foot down and tell the administrator to deliver according to your priorities. If they don't follow than terminate them. Don't come running to my department and complain. Under the Public Service reforms the Governor is now in charge of his own province. Make sure that that administrator delivers your Government policies on the ground.

If they fail than you have the legislative powers under the contract of employment that you will sign.

20/04

Under the key performance indicators, when they do not achieve that, you have the powers and the laws to recommend their termination. Open Members, under the District Development Authority and funds continuing to flow into the districts. Your CEO has become the most powerful person in terms of controlling the human resources, so I will not listen to any Open Member who complains about the behaviour of their public servants in the district because I will say that you are not providing the leadership.

Mr Paias Wingti – Point of Order! I want to thank the Minister for Public Service for making it very clear on the Floor of Parliament on the appointment of provincial Administrators. He has clearly stated that the responsibility is now in the hands of the Provincial Governors and

the PEC. Now do not interfere because I have been through Court cases for the last three years because of interferences. I make a choice and I expect that no man is to be appointed as my Provincial Administrator and that has not happened.

Sir PUKA TEMU – Acting Speaker, I would like to correct the Governor. I did not say the power of appointment is with the Governor, I said the performance assessment was with the Governor. When they do not perform, you have the power to recommend their dismissal. And the Governor knows the dismissal process ends up in Cabinet because the Cabinet does the appointments. The matter on the provincial administrator, it is before the Courts of which I cannot do anything.

The CEO is the most powerful person right now and he can have an agreement with the Provincial Police Commissioner, on what areas to have the police in the province disciplined on in the district. And this also applies with the Teaching Service Commission, because the Police Act and the Teaching Service Commission Act have been amended, in order for the CEO to be in charge of all the public servants in the districts and that was the intention of the district development authority.

Now that enormous funds are going in, I would humbly request as the Minister responsible for public servants, please work with the CEO. Because when you fight, there are people waiting for the delivery of services. We are there to ensure that any transitional arrangements are managed so that the public servants continue to work. My direction to the public servants, in times for sitting around and doing nothing on the computer is finished.

And driving around unauthorized government vehicles is finished, horse race too is finished. Because when you are departmental head or a CEO and you sign a contract, his performance depends on all of you down the rank and file. I would urge all of us as leaders work with our civil servants. This is a call to all public servants to go back to their districts. Do not run around the city. Go back to where your positions are and where you are being paid for the positions that you hold.

Myself and my Secretary, we are now cleaning out the payroll. The Prime Minister and the Treasurer will be announcing, that under the NID system. All public servants are now called upon to go and register in the NID program. No NID card, no pay, this exercise will start next year. I urge all the public servants to align with the Planning Minister and his team. Everybody

must go and register with NID. Beyond that I am looking at the experience of the Honourable Governor FOR Southern Highlands, where he has deployed an IT technology to ensure that public servants are turning up to work. We are now harnessing the technology to monitor whether you are at work or not. And when you do not perform your pay will be automatically deducted. It will be linked to the Alesco pay system together with your attendance. We are now deploying the technology to make sure that the civil servants are on the ground working.

On that toke, I thank the Prime Minister, the Treasurer and the Government for the people's budget. I with my people of Abau, stand to support the Budget.

21/04

Mr WILLIAM DUMA (Hagen – Minister for Transport) –Thank you, Mr Acting Speaker. Every year, the Treasurer of the day presents the Budget and it will always never be acceptable to everyone from both sides of the Parliament. On behalf of my people of Mt Hagen, I would like to commend the Treasurer and the Prime Minister for working very hard to present the two budgets, under the given circumstances.

As you all know, we have had a down turn of commodity prices and so many factors that have contributed to the ability of this Government to deliver on the promises it made to our people when it presented the budget for this year. Yet we have come up with a budget that is at least able to continue the work that this Government promised to the people, even on a reduced scale. What I can say is that compared to other countries in the world, Papua New Guinea is a very difficult country to govern in the world. It starts with the fact that, unlike other leading countries like; France, Italy and Germany for instance which have one language and one custom, most of these countries are able to govern their countries easier.

In this country we have so many different languages, more than 800. We have more than 800 different countries living as Papua New Guineans in one country Papua New Guinea. That in itself is a very difficult thing to manage and yet our founding fathers, the last seven or so Prime Ministers since Independence have been able to govern and hold this country together. I take this opportunity to commend all those Prime Ministers all of them in their different years had very different budgets to present. Very different economies to govern and yet they were able to deliver. I will never stand to criticise all of those leaders because in those times they had their own resources to deal with and they did their best. And we must commend them all.

It is in fact a very difficult country to run and yet through the wisdom from God and with God they have been able to take us this far. All of us here have benefited one way or the other because of their leadership and foresight.

Mr Acting Speaker, I have contributed in my own way as a state Minister in this country and I was one of those who contributed to the much talked about LNG project. And on many occasions I have become disappointed and it pains me to see some of the hard work that I see put to waste.

When most of us here come to parliament and talk about millions of kina allocated to various projects and yet over the last 40 years but more particularly the last 20 years, none of these millions have been able to change our people back home. We should be talking about the millions that have gone to our societies back home. And there is hardly anything that we can be proud of. It was only through the last ten years and more so, the last five years that our people have begun to see much progress and more development; for important projects such as free education and health. In a country like ours where almost 98 per cent of our people are not in any formal employment sector, who simply rely on their wantoks to be employed either in the private or public sector for their livelihood and to a very limited extent on subsistence farming, it's a very difficult country to run.

22/04

Mr Acting Speaker, and yet for those 10 per cent or more who are either employed in the public sector or private sector and who contribute taxes are able to carry the 90 per cent.

Mr Acting Speaker, this again is a very difficult country to run and yet through the grace of God and through the people who work in the sector, the minor 10 per cent who are able to contribute in taxes our people are able to survive. It is again a very difficult country to run and yet we are able to come this far.

Mr Acting Speaker, I must commend the Prime Minister at this stage because it is through the ability of our Prime Minister to micro-manage most of our ministries and most of our departments, I have to say, that we are able to come this far.

Mr Acting Speaker, we keep coming to Parliament and we talk about the things that we are doing and yet most of us let our people down. We talk about the millions kina that is going to

our electorates and we talk about our ability to deliver services and our ability to work in our departments and ministries and yet most of us, in my view, fall short of the expectations.

And it is about time, all of us, whether you are in the Opposition or in the Government, take stock of ourselves, assess our performance and make 2016 and 2017 better years for our people, Mr Acting Speaker.

My appeal, to my fellow leaders is, let us change our attitudes and make sure that the money that we are about to approve must actually go to the people who actually need it instead of paying lip service and spending most of our time here in Waigani.

Mr Acting Speaker, I am a third timer and I am confident I will return again because I have done what is necessary for my people and I know my people very well and better. And I think most of us will return but it is about time Mr Speaker, that we took stock of ourselves, assess and make a self-analysis of our performances and then only will we be able to serve our people better.

And I can say confidently say that it is through the strong leadership of our Prime Minister that he has been able to hold us together and we have come this far.

I must also take this opportunity to commend our hard-working treasurer. It is a very, very difficult task for any treasurer, whether in any government or in any year to be able to deliver a budget that is acceptable and that is able to reach the people who need the money. And yet, given the circumstances our treasurer has been able to deliver or propose what I think is a balanced budget.

It takes into account all the needs of our people, it takes into account everything that needs to be done although it may be on the reduced scale, it continues to work for the government. All of our programmes, even if they received reduced funding will still be continued and our people will benefit.

I commend this budget and with that I must say that you will support this budget, Mr Acting Speaker.

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 –
ALTERATION OF HOUR OF SITTING**

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

That so much of the *Standing Orders* be suspended as would prevent;

- (a) Parliament sitting beyond 5.00 p.m. this day, and;
- (b) The Parliament adjourning on a motion to be moved by a Minister at any time.

Ms LOUJAYA KOUZA (Lae) – Thank you, Mr Acting Speaker, I'd like to give credit where it's due. For such a time as this we certainly do have a Prime Minister that is well educated, he's a very successful businessman. We also have a treasurer who has brought down to this House this economic package; this money plan for our country.

As Member for Lae and a first time politician I stand just to make one comment for all of us in this honourable House to be mindful of.

And that is, the last time that I was a minister of Cabinet, those of us that were in Cabinet at that time, for whatever reason, our honourable CEO of this country made a promise in our presence. And it was a very good idea at that time that, and I quote, 'one to two per cent of the LNG proceeds should be given to God and be parked in the Kumul Church Trust Fund.

So, those of us that were in there, our hearts leapt and we thought that was a wonderful idea. Before the rising of this honourable Parliament, at the previous Parliament, or the last Parliament I brought up a question on this Floor and I said what has happened to that idea? One to two per cent of LNG project proceeds to be given to a church and I was made a fool for God in this House and was told, honourable Member for Lae, do not mislead this honourable House and the people of Papua New Guinea.

I was told that no such decision was made nothing of such was on the paper. I would like to say that the bible that is standing there, I don't know why we have decided to make a covenant with the God of Israel for this nation. But you do not have to make rush decisions at the top of your head and getting excited about.

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It is not on paper so I would like to tell this honourable House that Bible that is standing there and I do not know why it is there, and I do not why we decided to make a covenant with the God of Israel for this nation. But you do not make rush promises at the top of your head and getting excited about the –

Mr Nixon Duban – Point of Order! Mr Acting Speaker, it is important that the Member for Lae as a former Minister should not disclose cabinet information, thank you.

Ms LOUJAYA KOUZA – Based on that denial that we never did such a thing Mr Acting Speaker, with sheer and trembling in this honourable House the foreign bible is in this House. If we continue to lie what sense will it make of a budget that has so many shortfalls and no matter how much we want to bend it up our people will continue to suffer because at the highest level all of us respectable leaders have made a commitment to a spirit being where he is going to come in on this one and how we are going to work on this one. But let me with fear and trembling be very careful how the outcome of this Budget is going to be.

For that reason I voted and gave number 12 across this way with the Opposition because mark my words, this country is a Christian country according to our people. They are all looking at this budget and yes, the grace of God has spoken by the Minister for Transport and I commend you for that. The Public Service Minister and the learned honourable men are lending our support to the Prime Minister of the day.

Be very careful because nobody will move a vote of no confidence but the one on which you promised, thank you.

Mr FABIAN POK (North Wahgi – Minister for Defence) – I rise to support the budget and I commend the Prime Minister and the Minister for Treasury for presenting it.

1. the Health Department will benefit close to K5 million because healthy society will stand up to develop this country. That is why we need a lot of money injected into Health Department for the purpose of renovating health centres, hospitals and purchasing of drugs.
2. The Education Department. Papua New Guinea needs an educated society and

population. That is why surplus money is injected into free education. Some of us have also used DSIP funds to sponsor students to UPNG because we believe in educated society.

We come from 800 different languages and cultures and an educated society as we are now, have graduated from the same universities and the future will be the same too.

That is why the Government has injected more money into education. At the same time parents will be able to spend their money on their communities and their societies. Parents can be able to save money for other purposes.

3. More money is also injected into the Works and Transport Departments so that roads can be fixed and maintained and that is what our people want. Our people need good roads, jetties and wharfs. For instance, in the Milne Bay Province, new wharfs and jetties have been built and therefore, cruise ships in hundreds are sailing into PNG bringing in export earnings. More wharfs and jetties will be built because of the money plan. The highways such as Magi Highway, Hiritano Highway and the Buluminsky Highway has been allocated over K20 million each.

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This is a start to get these things moving because the people need a proper education for their children, they need good health services, they need Works and Transport to build roads and bridges, airport as the Member for Lae and Governor for Lae, JICA has given time and money to extend the airport at Nadzab and once that happens people will be moving into Nadzab and the economy of Lae will change.

Mr Kelly Naru – Point of Order! Lae does not have a Governor, why did you say Governor of Milne Bay? Can you withdraw that statement?

(Laughter in the Chamber)

Mr Kelly Naru – We have a Member for Lae and Governor for Morobe, Thankyou Mr Speaker.

Dr FABIAN POK – I thought I said, Member for Lae and Governor for Morobe. If he misheard than that is okay. The roads in Lae have improved, the roads in Port Moresby have improved and many urban centres are improving and the roads in rural areas have improved because of the direct intervention by the Government by the Government, reaching all the provinces and the districts Law and order, these forces are receiving money for Police, Defence and CIS modernisation programs. We have for the first time, we have received funding for the first time to build capacity and to build up the force. We look at roads, we look at maintenance programs, I will come to defence later but we will look at maintenance programmes only by this government that the road at Murray Barracks has been upgraded, the Taurama road and the Igam Barracks road. We are building swimming pools and for the first time after 25 years in a few weeks' time, every defence force personal in Papua New Guinea will receive a new stove, a washing machine and a new fridge and this is because of this Governments direct intervention to help the sector. This brings pride to the Police Force, Defence force and CIS and this will raise their morals. So there is money going to law and order sector because the Government is making direct interventions to help the people of Papua New Guinea and not to assist the Members to feed themselves as some of you wish and are also doing, it's to assist he people.

The last point is rural development, how can I develop North Waghi if I am do not receive funding , that is why DSIP, PSIP and that is why the Government is putting direct emphasis into the lower level of Government . I am proud here to stand today as Member for North Waghi and say, I built bridges, I built roads, I connected electricity because of this Government's direct intervention to my electorate, like every other electorate in Papua New Guinea. Why do we go to the social media and spoil the Government that is really thinking of the people of Papua New Guinea. We must be thinking of ourselves, because, you look at health, education, works, infrastructure, law and order, rural development in DSIP and PSIP. This is where the bulk of PNG's money has gone to and where it really matters, where it has helped people the most. Our people don't have to carry their coffee bags and walk, they will need good roads. But here we are thinking very differently. I do not know whether they are thinking of the people or of themselves, I don't know because the Budget says it is for the people of Papua New Guinea but we are saying the otherwise. Who is telling the truth because this document cannot lie, it is printed in black and white.

(Laughter in the Chamber)

Dr FABIAN POK – Mr Speaker, that is why I support this Budget under the wisdom of Prime Minister O’Neill , Treasurer honourable Patrick Pruaitch, Planning Minister, Finance Minister, they are thinking of the people of Papua New Guinea and we as the Cabinet Ministers
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Minister for Treasury, National Planning and Finance they are thinking of the people of PNG and the Government Ministers have given a serious consideration to the budget and are thinking of the people living in rural areas and not for one or two people here only.

Lastly, I want to say a bit on Defence Force, I want thank the Prime Minister, Peter O’Neill and the Minister for Treasury, Mr Patrick Pruaitch.

For the first, I stand here to say that Defence Force had a big problem of Defence Retirement Benefit Fund, tomorrow I will hold a media conference at Murray Barracks to announce to all the Defence Force personnel of PNG, that for the first time your government have done well and you will move from Defund Benefit Fund to Accumulation Benefit Fund. When they retire with the Defence Force their golden handshake will be better than before.

And they have been fighting over this issue for a very long time and when I became the Minister responsible, I was curious as to why the retiring personnel get much less than other civil servants in this country.

I want to thank the Prime Minister and the Treasurer once again for approving the submission today. And with that I want to assure the defence personnel that starting 1st January 2016, it will be effective. I want to assure all the personnel in the force that when they retire they will be comfortable like any other public servants of PNG and go back home. And this is done by none other than O’Neill-Dion Government.

On behalf of the people of North Waghi like every other districts, I am so grateful to the Government for maintain the K10 million in the 2016 National Budget. I am pretty sure that we will see more developments for our people in the rural areas. And I know that each one of us members are contributing a lot but if you are not doing that then the fault is with us individually.

I once again thank the O’Neill-Dion Government for the allocations of funds. I want to assure the people of North Waghi that the funds to develop our district is in tack and development will surely be done.

With that I whole heartedly support this budget and I believe that apart from other previous budget that were passed is different from this 2016 National Budget because it's the peoples budget, thank you Mr Acting Speaker.

Mr TOBIAS KULANG (Kundiawa-Gembogl) – Thank you Mr Acting Speaker, for recognising the people of Kundiawa-Gembogl.

I want to contribute a bit on this very important debate. But firstly, I congratulate the Minister for Treasury and National Planning for bringing this bold budget to this Parliament. And that's the last budget before we go into the National Election and all of us here have so many plans and ideas. But at the same time we got some depress economic condition internationally but they are man enough and have this guts to provide this strong leadership in bringing this budget and confronting us members in this Parliament because we represent our people back at home. Whatever is given to us in this Parliament will be taken back to our people.

Therefore, I as a back bencher and a young leader want to thank this Government. This is the fourth budget in this term of Government, and it has vision with strategy on how he can put his mark on this country. We have already seen three budgets passed and much has been talked about on the impact of this three budgets by the newly elected members and the long serving members as well.

I stand here today not to argue about what have been said but want to contribute some ideas that I have as a young leader, back bencher and representing very difficult rural electorate.

Mr Acting Speaker, last time I shared a parable on Hela, I am the land owner of the Highest Mountain and the second to it is Mt Giluhe

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Some time ago, I made a parable about Hela. I am the father of the highest mountain and Mt Gilue is the second highest. The highest mountain is Mt Wilhem and from above there I can see Manus Island, New Ireland and even Alotau. I can also see the Gulf province and Daru. On a fine day, I see smoke from every corner of this country and with that I ask what is happening? I am told that what you see is smoke from fires which people are using to cook food. The parable I will use here is that the person sharing food is doing a fine job and that is why people of all corners of this country are cooking food to enjoy.

In the 21st century, we cannot fool ourselves. Leadership is defined by performance and whether you like or not the person who can perform the task must be given the numbers and the mandate he needs. We cannot keep playing politics.

I am 45 years old but when I was 7 or 8 years old and in community school I use to see taxis going into my village area but when I grew up there are none going in there. There are no more good roads for cars to go into my area. In some of my areas there are no more good bridges and we struggle to get vehicles across rivers. We have to jack vehicles across plank-less bridges and roads. Even four-wheel drives find a hard time getting through my roads and they hardly use the third gear it is mostly the first and the second gears that they use.

As a leader and a back-bencher, I cried with my people when they saw an excavator and a bulldozer going into our area. Many of them was their first time to see vehicles going in. Kids of ages 15 and 16 were so happy to see coaster buses going in. We are just 42 kilometres away from the main highway but this kids ran after this buses because they have not seen one.

As a young leader, I want to place on record that no matter what people say about this country, we can feel it in our hearts that for the first time there is something happening in our country. There is a momentum and excitement that this country has risen and is moving again. We must talk about facts and the truth let us not waste time on things that do not matter. We are leaders and it does not matter which side of the Parliament we sit. But there is only one thing that we must contribute towards and that is making sure this country progresses.

I am privileged to have been mandated by my people to be part of a Parliament that has some of the great leaders of this country in this age. Some of our forefathers and former Prime Ministers are amongst us today and we have the opportunity to share their wisdom. We also have senior parliamentarians with second and third terms to be with us. Many of us young leaders maybe quick to make decisions but with their wisdom and guidance we are better off.

For the first time this country is taking its position in the region that we come from. For the first time I can see

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For the first time I have seen a Prime Minister of this country can tell our neighbours off and that is what we need.

This country has big potential but for some reason for 40 years we have been stagnant, we have struggled to breakthrough and for the first time I feel that we have the leadership that has matured and grown to make decisions to take a stand on his two feet and get recognised by our neighbours. I am very proud of this kind of leadership in this Nation.

For the first time in this country it has shown responsibility and acted as a big brother attitude to our neighbours and I have had the opportunity with some other Ministers attending regional conferences and I saw that it has always been the case where the other Nations in the Pacific have always been looking up on us and they have been waiting for the time when we can rise up and provide leadership, for the first time I feel and sense that this Nation has wakened up and I am proud of that.

I set with the Opposition when I came in and as young as I was I thought I knew politics but I saw that this Nation was in a critical time where there was a need for development to take place. We can talk politics the whole day but politics measures with genuine contribution is what is required of us.

I have seen that my district has grown in terms of building roads and the schools have improved and now for the first time after 40 years in my district next week we will have our graduation for the first grade 12 students.

For the first time I have seen that the leadership on this Floor of Parliament has a lot of intelligent people and in the Cabinet you have a lot of intelligent Members and we must have respect for our fore fathers but I now see that the major building block that this Nation can build on is the improvement of the infrastructure happening nationwide. We have brought big improvement to our rural areas.

I am an accountant and I can see our economy is tripling in less than ten years because we are building the foundations of the good, governance

In Port Moresby and Lae a lot of development is happening, the Highlands and the New Guinea Islands will benefit because that is strategic planning and we will not discount it, we must talk about politics too much and that's the move we should take and that in the modern era you need leadership who should be thinking that level and position the country on that level.

Yes, we all have our little rural roads and many other things but we must still maintain our focus on micro-economics development we have to build the building blocks.

I was happy to hear Sir Puka Temu talk about infrastructure to be placed in our urban areas because that will ignite growth and that's fact we do not need to argue about and for the first time infrastructure is put in Port Moresby and its put in Lae.

In the infrastructure now we can see that for the first time we are looking at energy now, Papua New Guinea is full of water sources but we were stuck with Sirinumu Dam and Yonki Dam for a very long time, there was no forward thinking into the future. For the first time in the last three years people are talking about –

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There was no forward thinking into the future. Therefore, for the first time in three years people are talking about hydro and using geo chemical methods to produce energy. For the first time, we have realised that we had increased the energy supply in this country.

How is it that we did not have this thought in mind? Did we think that this country was still going to be struggling? The answer is, no, because this country is going to grow and as it grows it will demand for more energy, communication and the basic things that will enable it to survive and exist. Therefore, all these things are happening for the first time. I saw how PNG Power was going on about PPP and for the first there is a policy that welcomes the idea of a private partnership in this very large and important industry for energy.

China was going to close down three or four provinces but the rest of the world went against that because everyone said that they were making a big mistake. Nevertheless, today, China is the production hub of the world because its energy costs have been cut down. This kind of foresight has been destroying us as a country for a long time now. Are our neighbouring countries the cause of this or are we just ignorant to the fact?

Nevertheless, for the first time we are thinking right. We are getting from our natural gas and probably made some mistakes along the way. For example, we could have saved a little bit more for domestic consumption but we were able to (inaudible) and some are coming through Hides through the Highlands ridge. That is transformational and during this budget session we have the right to talk about these issues.

During Government Caucus it was decided that the Budget was to be passed today and I thought to myself that the nation might think that we are hiding something. Nevertheless, I saw

that the gains we had made as a government in the last three or four years was more than satisfactory.

Almost 85 percent of our people live in rural settings and for the first time our rural interventions have seen funding being directed straight to where many of people live. Each and every one of us here represents an electorate. Therefore, for the first time our people cry with joy because there is a Government that is responsive to their needs. In the past our people see Members of Parliament like Hollywood celebrities but now that is not the case because we all have projects on the ground. We are slowly restructuring our Public Service system to assist us Members to manage these projects. Therefore, because of these improvements we Members are project managers on the ground delivering. I know that there is a need for us to be on the Floor of Parliament contributing to policy decision making but when there are massive infrastructure development issues is dire need of leadership then we are required there.

Mr Prime Minister, if we decided to go into the elections now, I, as an Open Member, I can tell you my colleagues that I will feel very comfortable that my people will return me. This is because in the last four years we have done work that have not occurred for the many years that have past this country by.

You all might think that we Ministers are supporting the Prime Minister in order to keep our ministries. As for the Opposition Leaders, I believe that he is a good leader. When I was elected to Parliament he gave me K2 million to build my roads which also got me re-elected back to Parliament and I appreciated his support for that.

All of you in the Opposition have the ability to provide leadership for this country at this time as well. Therefore, I am not taking anything from you Opposition Leader.

Many of the younger Members of Parliament and Backbenchers might be thinking that because many are saying it as well, that there might not be money available. Nevertheless, our Debt to GDP ratio has been sustained at 35 percent. Therefore, the nation can be rest assured that our country is not spinning out of spiral.

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The Budget books point out clearly that all the loans are within the fiscal discipline of 35 percent. This will remain in 2016.

As a backbencher seeing the fact that what the global economy is experiencing with the China economy struggling and commodity prices unstable we are still growing the economy at 4 percent. Now that is something. We are able to sustain the Budget at K14 billion.

As a backbencher I am really proud and my people have got a lot to be thankful for. Even in the last 4 years what we have been allocated is more than enough, yet, we are going to benefit in the 2016 Budget and then we still got 2017 Budget and this has never been seen or experienced before. I sincerely thank this Government.

Mr Acting Speaker, in concluding let me share my thoughts on the recent hardship my people are facing with the uncertainty of this weather caused by the El Nino. It is clear that our nation is not prepared for such disasters. Agriculture sector is the most hit sector and we should plan ahead to control this situation.

Our people in my opinion are not ready in terms of food security. I was hoping that there would be a better dialogue with all stakeholders of the agriculture sector and a wide consultation for planning but the Minister for Agriculture and Livestock is here and I leave it to him.

Mr Acting Speaker, my point is that we can be able to increase the Budget in agriculture. When Elnino hit our district was hard hit and we were caught 'pants down'. We were not prepared in terms of policy and how we can spend money in agriculture to prepare our people.

Mr Acting Speaker, when we have the Sovereign Wealth Fund and when we are experiencing windfall we should be spending on sustainable programs in agriculture and tourism.

Mr Acting Speaker, K50 million allocated is not enough compared to the K20 million that was allocated in tourism last time.

Mr Speaker, in Fiji unemployment stands at 7 percent and income per capita is around US\$12 500 dollars just on tourism recorded in 2014 figures.

Mr ACTING SPEAKER – Member for Kundiawa-Gembogl your time is up.

Sir MICHAEL SOMARE (East Sepik) – Mr Acting Speaker, let me clarify my position on how I voted. I am a National Alliance Party Member and I will support the Budget. I objected to it because I did not read this at the back. I thought it was just a supplementary Budget so I voted against it but seeing now that it is the National Budget I support it.

Mr Acting Speaker, I am grateful to this Government and let me make a few comments. I have been around for over 47 years in Parliament. I started from nothing. Everybody comes into this Chamber beat their chest and say they have done everything. I started from nothing when I took over from Australian Colonial Government.

I never have stood up and boasted about what I have done. We have achieved a lot in this country. It speaks for itself. I had a brother colleague in Sir Julius Chan and we were the only lasting Members of the second House of Assembly at that time before I moved this into Parliament in 1972.

I have been in this Parliament watching things observing. We have done extremely well and no one cannot tell us we have not done well. We have broken new grounds and we have made things happen.

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When Australia was administrating this country, they told us or me in August 1969 that we will not get independence. They told me that was no way Papua New Guinea is not near to closer to gain independence.

In Angau House in Port Moresby, 1969, I was a leader of Pangu Party and I was told together with late Sir Marri Kiki, Dr Taureka, and late Sir Abia Olewale that we will not gain independence for another 50 years. We were all sitting numbed and confused in front of the Minister for External Territory. They told us that you natives cannot run your country.

Mr Acting Speaker, I told them to give me seven (7) years and I will gain independence for you. We have gained Independence already and its a goal now. It is water under the bridge.

But I am disappointed with one thing in regard to why I mentioned water under the bridge. There are some comments that are being attributed to the governments that I have led. I have led four (4) governments and have been a Prime Minister for four (4) times. I have never stood up to beat my chest for what I have done.

Mr Acting Speaker, I tried to understand everyone in PNG and I want to make everybody that they are proud people in their own country.

I came with a sentiment that I was not allowed to enter the hotel in Lae, Madang and in other main hotels with my laplaps on. They call me kanaka and you they told me I cannot enter the hotel. I cannot even go into Papua Hotel, yet, I was a Member of Assembly. Of course, that

made me angry and I decided to show them that the indigenous people of this country that we can do it successfully and we have done it.

Mr Acting Speaker, last month we celebrate the 40 years of Independence Anniversary which, is a very proud moment for this country. We have achieved the democracy that the white people alluded that no natives cannot run their country. I proved everyone drastically wrong but we made it.

I said it during independence celebration in East Sepik that the indigenous people of this country can stand up and run this country. I was told by my own father that you cannot contest for Angoram Open because you do not have anything like pilots, engineers and you do not have white people's calibre to run the country.

I told him that in 1968 when I get into Parliament, I make sure that we are independent. I am proud to see all of you stand up to speak. If I become a journalist with NBC Wewak, my voice will be heard and if the people of East Sepik want to keep for 49 years then I want to too. In fact, they have done it.

I want to say that I did not see anything happening in my province but I thank the Minister for Treasury for presenting this Budget.

Mr Acting Speaker, one thing the Treasurer forgot is you did not think about my two provinces. A classical example is, there is no highway from Wewak to Vanimo and to Jayapura. You forgot about putting in the Works Program.

In addition, my hospital in Boroam was opened in February 2nd 1962 by Late Sir Paul Aslak, then Minister for External Territories. I was a young man teaching in Wewak and I could save much but today I still have the same hospital.

Mr Acting Speaker, I have seen that the Minister have allocated money for all other hospitals in the provinces. When I was a Prime Minister, I was thinking about whole of PNG and never thought of my province for four years when I was a Prime Minister. I always think about provinces and districts and today, you forgot two of my provinces.

You and the Prime Minister did not give the hospital and the freeway way to Jayapura. You tell your Prime Minister, I have given him everything in Ialibu-Pangia and you never gave anything for East Sepik.

This is a small comment that I make and I know it will be thrown out but you think about everybody. That is what we have planned and the time must come and the people must

make their own decisions. But I have only one fear regarding the District Development Authority.

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I am also speaking on behalf of the other Governors. Sir Puka Temu, just pointed out that the last Government did not do anything. I gave this gentleman K60 million for the National Capital District.

Sir Temu, did not remember that, but he was my Deputy Prime Minister at that time. He must have forgotten and his senses have gone out.

(Laughter in the Chamber)

Sir MICHAEL SOMARE – What happened? I also allocated K40 Million for new Central capital. Where did you put the money when you went in so do not point a finger at me because, this old man remembers things, he does not forget.

(Members applauding in the Chamber)

Sir MICHAEL SOMARE – I just want to say that I am particularly concerned that East Sepik has never been considered as a neat province but you must know that we have a tourist centre. True Milne Bay has a beautiful port and everything but we in the Sepik are exposed to good weather.

I spoke to the Minister for Environment and I said to him; climate change is very important for all of us. We in the coastal villages, particularly along the Sepik coast, Madang and Jayapura, we have open beaches and the water does affect us. And also bridges are very important. When I travel to Wewak and from Wewak to Aitape or to go to Vanimo, I have to cross a number of bridges and I see that there is a good connection with Japanese to give you the bridges. The Japanese surrendered the war from 1939-1945. They surrendered in Wewak and recently there was a visit by the Prime Minister and I thought we would be given some promise about our bridges, from Wewak to Aitape and from Aitape across to Jayapura.

Our bridges are not even been considered by our Minister for transport, who used to be my Minister. One other matter that I want to raise that is for importance is that we have not seen much allocated to the budget for the development of agriculture. And I hope the minister responsible is listening as there are number of plains in the country where you can extend agriculture development. We keep importing rice and spend almost K600 billion worth of rice from Thailand. We need to cut down on the import of rice, the rice component from Papua New Guinea should be exported now. When you think about transportation, you do not only have to go all the way to Port Moresby, we have a plant down in launakalana which was supposed to be used as a rice field. I hope at that time Sir Puka Temu went in and talked about growing rice in that area because I know that people wanted to plant rice. Rice can also be grown in Northern Province. We are have enough plains for rice growing in this country and we could be exporting more rice than what we continue to import. We were talking about the 2020 Vision to be a year where a lot of people in South East Asia will be looking for food, mainly in China.

This country needs to put more emphasis next time in our budget for agriculture. Agricultural officers in the colonial times called extension officers went out to the people telling them on how to plant crops and look after them. Today we do not see them. They do exist but they probably do not go out because they do not get allowances but these are emphasis that we have to place on agriculture as it is very important for us.

We need to put a little bit more in the next budget. We do need infrastructure and the rest but there are other provinces too that need all the services and infrastructure that we can see in the city.

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But there are other provinces too who need bridges, roads, and infrastructure, the Member for Kundiawa just said something about his place, for the first time they have road network connected to every remote places. Yes, I know how tough it can be on the mountains, high hills where it is difficult to get in roads built.

We need to look at the roads while at the same time look at the agricultural projects. Agriculture is not being given a big emphasis in our budget and I think we need to have a look at that.

Last one is the land policy, we've got a good Minister for Lands who just approved Physical Planners for us after not having them for almost 38 years. Last week through our own volition we talked to the Minister for Public Service who approved that for us.

For land we have to be very careful. Dr Temu spoke about people of Central Province not having anything. Yes, because this is the capital location we have to be careful about the land allocation in this place.

Your government policy of urban drift will have a lot more people coming in because it is the National Capital. People are looking at the high rises. As I visitor I got to New York and I see high buildings and I ponder to myself, how can my people build such buildings. How can people go to Tokyo and see the big high rise buildings?

If we are not careful about improving agriculture in our provinces people will come into the nations Capital In China a lot of their people participate in agriculture, that's why they have money all the time and I think we need to place more emphasis on agriculture.

And finally, Mr Acting Speaker, I want to remind the Treasurer, you've run 10 budgets for me, I know, you've done very well, but you have left out our provinces.

Mr MAO ZEMING (Tewai-Siassi – Minister for Fisheries) – Thank you Mr Acting Speaker, I rise to make a short statement in support of the 2015 Budget the Treasurer has handed down and commend the Prime Minister and, the Treasurer, the Planning Minister, the Finance Minister, they are called our 'Vulupindi Ministers' and their staffs well

This Budget is a fourth for the Government and it retains focus on the key drivers of growth and change and these are infrastructure, development, education, health, law and order and business opportunities for Papua New Guineans.

Mr Acting Speaker, in just three and a half years we have opened new roads, upgraded airports and built new wharves and jetties to improve transport for our people and business for our country.

Enrolments for our school-aged children have increased from 57 per cent to 92 per cent in 2011 and 2014, placing over 1.2 million of our children in classrooms as a result of our Tuition Fee Free Policy.

We are introducing police recruitments. Mr Acting Speaker, after 10 years of negligence which has seen almost 2000 young men and women added to our Police Force as we seek to boost manpower to tackle our law and order problem.

Mr Acting Speaker, the sudden downturn in the global economy and the drought and frost in the country are two adverse conditions that have the potential to derail our progress.

Our 2015 Budget has been severely affected. We have taken the cure from that and framed the 2016 Budget in a way that ensures that we maintain our God's momentum.

Mr Acting Speaker, as Fisheries and Marine Resources Minister, I am delighted that our sector is contributing our fair share to national development. The Board, management and staff of the National Fisheries Authority and coastal and inland fisheries agencies have done an outstanding job in providing leadership and oversight in the sector.

Since the National Fisheries Authority was restructured in 2001 the sector has contributed over K300 million to the National Government in terms of direct dividends. This year alone we paid over K75 million to the government to support the budget.

The agency is a non-commercial statutory authority which generates its revenue through the statutory and fishing excise fee paid in by the fishing industry, mostly from the distant water fishing national.

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Revenue from access fees will however see some decline as received from license fishing to onshore processing.

Mr Acting Speaker, it is a policy decision of the government to shift to onshore processing. So there will be decline in access fees but on the other hand there are broader socio-economic benefits to the employment, tax, foreign exchange, spin-off benefits and so on. On-shore based investment will be further boosted, with the government's policy change reflagging of on foreign fishing on PNG waters. This means vessels will off-load all fish in PNG ports and to be processed in PNG.

The global economic conditions and El Nino conditions will also impact revenue income from the fisheries sector. The access fees which is the make up 90 per cent of NFA's revenue is largely determined by the international tuna prices and global economic conditions.

The current decline in the world economy will have a negative impact in the fishing access fee. It is predicted that the El Nino weather condition will stop movement of tuna stock out of the PNG waters. Fishing vessels will follow the stock which means that there is less fishing in our waters and less revenue.

Mr Acting Speaker, I am happy to inform the people of this country that the European Union on the 2nd October, 2015 lifted the yellow card it placed on PNG in June 2014 for the issuance of non-compliance. The uplifting of the yellow card by European Union came as a result of the major reforms undertaken by this government through the national fisheries authority in the form of legislative and policy reforms undertaken in 2015 to address legal and reported and unregulated fishing which is the major concern for the European Union consumers.

Mr Acting Speaker, coastal and inland fisheries agencies with the national fisheries authority has undertaken a number of wharfs and jetting projects throughout the country that will require a growing support by the National Government. We commend the government for allocating K25 million in the 2016 budget to fund the wharf extension in the Lae and infrastructure projects that cannery investors want to establish quickly to speed up turnaround time for work.

Some of our coastal fisheries project which include Madang town market and fisheries facilities started this year. The Alotau town market and fisheries facilities project approved by the Government of Japan for preliminary design in 2016 and the Kimbe fish market. We also plan to build an office complex at Ela Beach which will cost around K100 million. Work on this project is progressing and NFA will continue to liaise with National Capital District and the Department of Lands as well as Physical Planning to fast track this project in 2016.

Mr Acting Speaker, the National Fisheries Authority allocates approximately K50 million annually to support coastal and fisheries programs which are critical for livelihood and capacity building. This large program is categorized in the following priority areas:

(a) Provincial Government Support. This is the agency grant support for building the provincial government capacity in all aspect of coastal fisheries management and development and in carrying out of the extension services.

(b) Public Investment Projects. Development of market access infrastructure for broader community participation for income earning opportunities such as provincial towns, markets, ice-making facilities and fish markets.

(c) Business development for small medium scale. The National Fisheries Authority assistance to grassroots participants to venture into and participate in fishing business through operative and fisheries credit to you.

(d) Policy Development. Review and development of coastal and inland fisheries plans and policies in consistence with the priorities of the National Government.

Mr Acting Speaker, as you are all aware, a number of leaders have asked when the National Fisheries Authority will lift the ban on the harvest of the bech-de-mer for the sea cucumber. Many of our coastal village people depend on this for cash income. But the fast depletion of this stock has left 6 year ban on this harvest nationwide.

The good news Mr Acting Speaker, the 6 year ban has come to an end and harvest will resume. An official announcement will be made on the actual lifting of the ban as soon necessary when arrangement are in place.

The National Fisheries Authority has accessed the stock to be back to level where harvest can be resume. But I want to caution those involve in this business must manage this important fisheries resources in a sustainable way, otherwise the Government will not hesitate to shut it down again.

Mr Acting Speaker, in conclusion, the current budget handed down by the Treasurer retained support and component that goes towards supporting leaders with their programs and activities for their districts and provinces. Programs initiated and planned under the DSIP and PSIP will continue under this budget. It also provides K60 million for small and medium entrepreneurs and small business people. K100 million was allocated for the Agriculture sector and K50 million for the tourism sector.

Mr Speaker, I urge all Governors and Honourable Members to support this Budget which was handed down by the Treasurer. Thank you.

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Mr GARRY JUFFA (Northern) – Thankyou Mr Acting Speaker, for giving the people of Oro the opportunity to contribute to this discussion. I have firstly , Prime Minister , I would like to commend your team, rather than you as an individual but the team work of those who came together to frame a budget, it is trying and it is difficult. I would only like to ask that some consideration be given so that the Opposition has the time to scrutinize it but the reality is that

we are here so I will continue. I will not focus on the specifics because it appears to be very similar to that of the previous budget and most provinces and districts are getting more or less what they need but I would just like to focus on some issues which I feel we as Members of Parliament mandated by our people to make decisions on their behalf to speak up when necessary to at all times remember our fundamental responsibility here is to protect and promote the interest of this country.

Mr Action Speaker, for a nation to progress, it must take stock and ownership of its economy, only when we own our economy the, can we be able to determine our destiny and right now I can tell you that we don't own our economy. We can be here and proudly talk about all these grandiose resource projects and so forth but let us ask ourselves, do we have ownerships in these projects, significant ownership? Can we honestly look into the near future and say that our future generations from now on will own their destiny, will be in charge that is the appeal that I make here to each one of us. At all times we should be thinking about these. We are a land blessed with resources on our land, in our land and around it, our seas. But how are we managing these resources so that the returns are coming back to our people. This is not happening. I know that there has been much talk about discouraging words and criticism and so forth but you will all agree with me that this is very important that we own our economy and therefore we own our future. What laws can we put in place to ensure that, what laws can we amend, colonial laws that marginalise us, what laws can we amend so that these can become a reality/ If you want to take a stock of this nation, you must visit all the districts and stations and there you will see where service delivery is taking place. It's really nobody's fault that things are not so good out there. All our districts and stations are deteriorating, the public servants are not at their stations, roads and bridges are deteriorating. The efforts that we make, whether as open members or governors are insignificant and insufficient to halt this deterioration and encourage to progress. Something is wrong, what do we need to do? How can we assist, How can we forge a better future for PNG? Globalisation is taking place rapidly, there are significant advancements in technology. Large powerful corporate forces are moving around the world manipulating, dictating, and determining our future based on profit and greed. We are in danger of losing our culture and our way of life and who we are as a people. I would like us to think about health and education which we speak of and yes we have free health and education and that is commendable but how can we improve the quality, how can we ensure that in the aid posts instead of only two serving a population of

15,000 for instance in Togoho in my province, there should be a doctor there with a team of nurses. How can we ensure that the drafts and equipment's that are delivered to this aid post are necessary and administered properly.

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For instances, there are electric beds being delivered to this aid-post, which has no electricity connected so those beds are collecting dust and rusting away.

We have drugs for instances, that can only be prescribed by qualified doctors but we don't have doctors in this aid post to prescribe these drugs.

Many of these aid post especially in the Southern Region do not have anti venom for the dangerous snakes in our areas so children become victims and die.

And yet we do not know this because the government facility for collecting and collating data and presenting it so that we have an idea of what is happening is defunct, the National Statistic Office, that organisation cannot even tell us what is our population. Some people say our population is 7 million and some say 8 million and the modern technology tells us its actually 11 million. So when we budget how are we determining the budget per person if we do not know this statistics.

Now touching on Education, how we educate our children now will determine how our nation is going to be run in the future. And all of you will agree with me that the quality of education has deteriorated significantly.

When I attended Kokoda Primary School and did grade six, I knew the names of the entire cabinet ministers and their portfolios and even the prime ministers of our surrounding countries. And we were taught about agricultural, management funds and basic health. But now they are not teaching that in our community schools and that reflects back to the quality of our teachers. We are unable to attract the most intelligent people into the most important vocations because we are not paying them enough and taking care of them.

The state of a public service has not modernise since 1975, all the other economise are driving nuclear powers and we are pushing a rusty wheel-barrow and yet we are expecting changes. But how will changes come about when this rusty old wheel-barrow has never been modernise. When we are paying them K7 a fortnight for accommodation how do we expect our

public servants to be loyal, hardworking, honest and be happy and come to work and be productive when they are mistreated like that.

Mr Acting Speaker, the reforms are before the cabinet so please consider them. And if there are some issues then let us go to work and see what we can do to rectify these issues but let us reform the public service machineries, which is absolutely important and vital for the delivery of government goods and services. We can create Districts Development Authority as a law others down the line but unless we get the fundamental of fixing and modernising a public service machinery then we will go no way. We are having a significant brain drain right now. They are not leaving the public service to the private sector only Papua New Guineans are leaving to go and work offshore in Europe, Australia and New Zealand because their skills are in demand and they are being taken away from us. These are the people that we need them to stay and build the economy. But how can we keep them here, we want them to be nationalist but nationalism doesn't put food on the table and pay for their kids school fees.

And the other issue that I want to also discuss is banking and finance, over the years ordinary Papua New Guineans, have lost access to banking facilities and that's the fact. They cannot go and open a simple pass book account and cannot be encouraged to go into savings thinking mode because they simply has no access to this facilities and it appears that the banks are designed for corporate and foreign interest. An ordinary Papua New Guineans, even those who are trying their best to start up a small business are not encouraged and have no access to those facilities.

As for the finance sector we are unable to capture the funds that are generated in this economy and keep them here and as a result there is significant outflow of revenue.

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The proceeds that come from the development of our resources are being shipped and sent off to develop other economies and it seems we can't do anything to stop that. Why can't we do something to stop that? My learned friends in government, you are intelligent people take this discussions into consideration. You can make a difference.

When we talk about the taxes and here is something I wish to debate. Right now the problem with taxes is that it is not a PNG tax friendly regime. I was the person that suggested

that we needed a tax review but unfortunately we have made the same mistake year in year out whenever we put a tax review committee together.

We must get a tax review committee together that can think about the average Papua New Guinea. How about exporting business men and women offshore so that they can participate in other economies and funnel those money back here? How about spreading the proceeds of our resource development projects so that every Papua New Guinean can benefit? The best way to do that is to lower the income tax. They are already paying above and beyond what they should be paying. Remove the taxes on resignation benefits, retrenchment benefits and retirement benefits.

This is a very sinister tax. It is very unfair on our workers. They retire after 20 years of work they get a little amount of money and suddenly 1/3 of it is taken away. It is very unfair. We should remove that and there should be a recommendation in there.

Mr Acting Speaker, we need a very assertive and aggressive regime that will go after the companies and entities that are not paying their taxes. I can tell you that right now only 30 per cent of companies that are supposed to be paying their taxes are paying their taxes. A significant number of them are not paying their taxes. They are very clever. They have elaborate tax evasion schemes that they have already established. How to avoid taxes and before you catch up with them they are gone. They have disappeared and started another company. They have started operating and generating new profits which they are shipping offshore and avoiding taxes.

We keep taxing the people that are honest and turning up to pay their taxes. We keep taxing our own people but the people that should be paying the taxes are escaping. We need to put in place a very assertive tax regime driven by intelligence, by risk assessment, by audit teams that can go out throughout the length and breathe of this company. Turn up at any time and exercise *Income Tax Act* powers which are very powerful and pertinentary.

For example, you do not need a search warrant. You can turn up at any company and say, may I see your books right now? You can in fact dwell into their bank accounts and find out exactly how much they have made and then bring them fort and question them. You can freeze their accounts and you can even stop them from flying out until they pay their taxes. These laws have already been created and are here. We are just not enforcing them to the betterment of our people and now that we have difficult times like this we are running around looking for money while this guys are laughing and giggling to the banks at our expense.

Finally, a word of caution. One of the ways we can save money is to review the Central Supply and Tenders Board. That organisation has never been effectively audited for too long. That is why small stretches of road that should be costing K15 million are suddenly costing K70 million. That is why we are paying above and beyond foreign companies far more than they should be receiving. The infrastructure development is all great they is nothing wrong with highways, bi-ways and big buildings so forth but we should be paying what they deserve. Not above and beyond at the expense of our people. Inflated contracts that is what is tearing us apart. It is causing bitterness and anger. People are sick and tired of seeing the same people walking to the banks with big bags of money.

When everything has gone agriculture and tourism will be all we will be left with. For 50 thousand years we have farmed this land and we know how to do it. Lets get back to our people and encourage them. They need some training in the area of commercial farming. We need to create market access, we need to be signing trade agreements that are for our benefit.

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Disasters will always be up on us so that we should always prepared and every Budget should always cater for disasters it's a given we exist on the rim of fire and we will always be facing a disaster or disaster like situation.

Every Province should have a Disaster Management Centre, the Country should have a National Disaster Management Centre, people should be trained education at all levels from primary schools all the way up, and they should be trained on how to manage a disaster.

Our Army, Police and CIS should be ready to move as one machine when we are confronted with the disaster, in that way we will be able to fulfil the primary objective of any Governments which is to save lives.

Finally, I want to just make a comment here that sometimes when we discuss and debate let us be mindful that our people are watching, let us debate with intelligence, reasoning and logic, let us not degrade ourselves to name calling, giggling and laughing and playground entices, let us be responsible because our people deserve that.

Our Good Finance Minister you are a church going person and you will agree with it that our people deserve that so that when we make decision it is always with this two fundamental

rules at the back of our minds that it must be their interest that we must always protect and promote Papua New Guinea, thank you very much.

Mr DON POLYE (Kandep – Leader of the Opposition) – Thank you, Mr Acting Speaker, I will not elaborate too much on the issues like I see my colleagues from the other side of the House, Minister – has spoken much about it but I will have to do some critics very constructive ones and for the noting especially of the Prime Minister and his Government but I think this are issues that are very important.

You know in 2014, last year when the 2015 Budget was introduced and handed down by the Treasurer and I described the Budget as a halt deceitful deception where money will be lost and to the extended hours I was laughed down at and was not given a thought to this point that I raised.

But, Mr Acting Speaker, I now stand to prove my point and I think we have seen the 2015 Budget has not worked the way we thought it would work, for instance 2015 Budget did project a K15 million down to every district electorate and the K5 million per district or electorate per province.

Now, Mr Acting Speaker, we have all the records before us and I do not know but we on the Opposition side have received not to the fullest off course I understand that some Governments are very cruel and I except that but they are punishing the people being what the O’Neill-Dion Government that is.

I have received up to K5 million so far

(Members interjecting)

Mr DON POLYE – Wait a minute! Mr Acting Speaker, you see my friends always misses the point because they do not understand the subject of the issues here. The subject matter is in the 2015 Budget, the Budget that you passed provided a K15 million per district but you have now received a K5 – K10 million shortfall, that’s the point I am making.

That’s just bullshit, Mr Acting Speaker, that’s the truth so why are you shouting down just listen, the truth always hurts.

So the 2015 Budget I sight is predicted and said that it will it will be in halt probably planned deception that the money will not go down because it was just a paper Budget and now it is proven that districts and provinces have not received the full K15 million, that's the truth and I stand on that fact.

Next point to support my previous comment and assessment of the Budget, Mr Acting Speaker, recall I talked about the Government –

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Mr Acting Speaker, if you can recall I talked about the Government System the could strengthen to administer the funds to achieve an intended target. And I did mention by criticising the Budget saying, you should strengthen the system of governance. This means the provincial system, the district systems and the other systems of implementation like health, education, works and et cetera. Nevertheless, during that time I was shouted down and now, you will realise that through the system we have lost a lot of money.

For instance, concerning the CSTB, I am glad that the Governor for Oro Province pointed that out, and I have papers and records to prove the variations provided and provided for by the *Financial management Act* that have been approved by the Central Supply And Tenders Board to give variations beyond appropriations.

I have a copy of a letter written by the Public Prosecutor commenting that the gap in the variations were around 96 percent on the contract. We need to understand the substance of issues of governance that we are talking about and the institutions of deliverance.

Mr Acting Speaker, I do not want to labour too much in these areas because I would like to raise two points only and if I were to criticise the Fly Over I am sure that Sir Puka Temu would raise a lot of fuss about it.

Therefore, when we talk about an economic boom the result is economic developments. If you read economic books many of them basically talk about two basic principles. They are economic viability and creating a project that will earn you a massive return in a certain time period.

Mr Acting Speaker, this particular project that we all talk about has a low internal rate of return, low net person value and therefore it was a totally waste of money doing this Fly Over.

This was a hoax by those that built it and got paid for it but there is not economic return for this nation. Therefore, I criticized and forecasted the results for the Budget in 2014.

Mr Acting Speaker, some of my colleagues on this Floor of Parliament thought that this infrastructure indicated that the country as going to develop. Nevertheless, this is not the case because you need to look more in depth. You have to look at the economic viability of it, how people think this project would benefit and how much return it would give as an investment. I will get down to my point but because we have been given very little time to assess this Budget but, I can see what sort of Budget this is. This Budget just by looking at it is another hoax and a deception.

Mr Acting Speaker, we can say that this is an infrastructure Budget and it may well be just that. This is indeed an infrastructure Budget that was carefully planned to give confidence to the government so that the people will think that this Budget is meant for the people.

That is why many of us are falling into this trap because when you see infrastructures being built it gives the perception that the people are receiving infrastructure developments for their benefit. Nevertheless, you have to ask questions like, who is going to be the contractor, which SME will grow and which people will benefit on the ground? Therefore, in order to assess these things all you have to do is look at how things are being done now in the 2015 Budget. In order to look towards the future you have to look at the performance at present.

Yes, you may laugh but that is the truth. Contracts involving billions of kina are given out in this city alone have surpassed their allocations more times than any other parts of the country. With that, about five predetermined contractors are the ones benefitting from this and therefore, the benefits do not trickle down to the grassroots and the SMEs. Thus, our people are suffering because there are no benefits directly going to them.

That is what an infrastructure Budget can do. You got so much money into infrastructure but it does not trickle down to the people causing local businesses to die resulting in SMEs also dying. No wonder I have been reading in the newspapers all throughout last week, yesterday and even this morning that some trade unions –

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No wonder when I have been reading the *Dailies* this week that some trade union businesses have closed down because the businesses that they have been enjoying for the last how many years has been taken out and given to foreigners that come into this country.

We allocate money and build billion kina infrastructures but who gets the money? The foreigners of course. Ordinary Papua New Guineans miss out big time. That's the Budget that we are talking about here.

So what is the focus of the Government and this Parliament? Is it serving the interest of our people?

Mr Acting Speaker let me describe this Budget as another hoax, carefully planned and designed to fool the eye. To be seen to pump in so much money into infrastructure but there is nothing for the people to improve their per capita income into their pockets, there is absolutely nothing.

Mr Acting Speaker, if you go down to the hospital now and you ask a doctor, Sir Puka Temu knows what I am talking about as I am not an expert in this field, this blood sample bottles are not available. I talked to three very senior doctors who are Papua New Guineans and one of them is a female, they told me that for the first time in the history of this country we have run out of these small sample bottles. Yet foreigners who are occupying the salary structures and positions are on million kina payments. You think I am lying, go and check it out for yourselves. That is what the Budget like this does. When we don't look at the substance and get misled by this convenient disguise of spending in infrastructure really it doesn't have the people. It goes to those preferred people in massive exorbitant prices and not forgetting the huge variations put on. People will continue to suffer even when there is so much cash flow coming into the country at such a time like this.

Mr Acting Speaker, I have got reason to describe this Budget as another hoax. A planned deception to mislead the people.

Mr Acting Speaker, there are two ways of development. One is the wrong way with what this Budget projects and envisages. Another is the right way of development and let me try and compare them for all of us to see.

Most times when the Opposition speaks most leaders brush aside our constructive contribution to the betterment of our country by hosing it down to mere cheap politics. But it is wise to listen and accept critics because it will lead to better decisions making.

The wrong way of development is a development path we take on just forgetting about our people, per capita income, human development index and just focusing on infrastructure will produce an unbalanced development at the end of the day.

The right approach to development is putting people in front and addressing the person and balancing his or her life you will achieve a said prosperity, increased growth and people from all walks of life lame disabled and ordinary people of this country are happy. That is called a balanced development.

We should not stand and support the way of unbalanced development but we should support balanced development throughout the country valuing the people most.

Mr Speaker, let me briefly assess the Supplementary Budget 2015. What is the immediate necessity? What is the need?

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Who says that there is a need to have a Supplementary Budget? Do we really need it? In any country, if there is a need in the economy then there is a need to have the supplementary budget and it is not a new thing.

Mr Acting Speaker, and the honourable Members, the Supplementary Budget is not just for you to do them at any time because every budget has a purpose. It has to have a reason why you got the Supplementary and an Annual Budgets because the Government controls the fiscal and unaffordability. When you give that picture of the Government's management of the fiscal part of economy then the monetary perspective regulated by the Bank of PNG is guided by the Government's fiscal regime.

The fiscal regime is always portrayed and illustrated by a budget. It gives a guide to the monetary aspect of it in an economy. When you do not give that monetary perspective properly, you confuse the Bank of Papua New Guinea therefore, it cannot regulate other banks, the amount of money in the Foreign Reserve for distribute out to the banks for trade and also how much interest rates will be charged. All these things gets confused because the Government is not giving a definitive position on its fiscal aspect.

Mr Acting Speaker, of course, those who think that they know something but when they realise that they don't will shout will shout back at me because I am telling them something new which has always been there. Sir Dr Puka Temu is a good friend of mine and I will rebut some of his points later.

First of all, you put in a Supplementary Budget to reflect the change in the figures but you must not forget your *Constitution* is the number one law and *Section 209* is very important because when you foresee a change coming then you will have to schedule yourself and do it within a specific time when the Parliament sits. But the first, you need to tell the private sectors and the banks that the Government is changing the fiscal regime or our fiscal policy of the Budget. You've got to tell the Bank and the others but now it's too late; you are doing it at the end of the year and its useless.

Secondly, what the Government is doing is to come to the Floor of Parliament to get support and rectify the illegal thing that the Government has already done. You rectify or formalize or illegal things that the Government has done, that means that, K2.5 billion of the expenditure or the down turn in revenue that the Treasurer talked on concerning the K1.1 billion revenue that the Government had raised. By definition you will have spent money already but you needed this under the *Constitution*, You failed in this. You are coming at the end of something to make the Supplementary Budget only to rectify or formalize an illegal act that the Government committed. It is a breach of the Constitution over and over again.

I do not know what more law is powerful that give authority to Government if we continue to break this 'Mama Law' or Organic Law. So, Mr Speaker, it's not just about figures and I appeal to this honourable Parliament that it is not just figures but it's about the process, timing, utility and better management. It is very important because you've got to think broadly .It is not just happening in this House.

I think, it is useless because there is no money in there. You are not approving anything. What the Government did was that the Government just presented the Supplyment Budget without any taught of correcting some of these measures it took.

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They have cut K2.5 billion in some of those very important areas; on page 3 it stages here that social sector K123.6 million and that's a lot of money in a social sector, what is it in the health or education sector. Did all the schools receive all the funds that they are supposed to get or they only got 53 to 60 per cent? Why I am saying this is because I have been to many schools

such as East Sepik, West Sepik the Treasurers electorate, to Ialibu-Pangia the Prime Ministers electorate and all the way through to Madang and all the way to Lae the Minister for Fisheries electorate's.

Mr ACTING SPEAKER – Your time is up so wind it up.

Mr DON POLYE – Mr Acting Speaker, can I seek leave of the Chair to extend debate please because its Oppositions time to reply?

Ok! Let me just complete this and I have got issues to say and critics this budget but the government is lucky because the time is running up on me.

But let me conclude by saying that this budget doesn't say anything about debt level and the treasuries report alone stands at K24 billion. This budget here is just paper book and it's not real but a paper book.

Mr Acting Speaker, let me warn PNG and the Members of Parliament that this budget is not real figure money but a paper book and the real figures are completely different. The Bank of PNG indicated that the debt level at K17 billion but the Opposition predicted K19 billion and Treasury's report states that it's at K20 billion. But here the Treasurer has not mentioned anything about the debt level.

Secondly, in the 2015 budget the projection for the GDP Growth was K51 billion but now the figures of the economic growth rate has dropped from 15 per cent down to 11 per cent and now you at 9.9 per cent. So how far have you revised down the size of the GDP? My calculation stands at K40 billion and if it's that level than your debt level is right up there. Therefore, it's a paper budget and its another hoax and it will not work, thank you Mr Acting Speaker.

Mr JAMES MARAPE (Tari - Minister for Finance) – Thank you Mr Acting Speaker, I also rise to make statement in support of the budget.

Mr Acting Speaker, when Sir Puka Temu talked about two skippers sailing out in the rough seas. I come from the mountains but has few experiences riding on a dinghy out in the sea and felt what it will be when sailing during rough seas. I rather be in a boat that you know and trust that the skipper is capable of sailing it smoothly.

Mr Acting Speaker, you have clearly seen two contrasting presentation of budget approach in the O'Neill-Dion Government and an alternate Government that would have been led by the honourable Don Polye.

For instances, everyone in the opposition were jumping up and down as early as January talking about Supplementary Budget. As mentioned by Sir Puka, a person who is not comfortable in sailing out in rough weather will make that call early.

We are still in November and living within time frame of a life fiscal year Mr Acting Speaker, within the lose we have especially in relation to control of expenditure we knew exactly what we were doing. We as a Government did not need to send signal to the market that we are broke.

Mr Acting Speaker, they have been saying all alone we are broke but you go to Central Bank and prove it to yourself, there is K5.4 billion is there as foreign reserve and that's sufficient enough to take us up to 11months.

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The Government knew what it was doing, we are controlling expenditure today as I speak. Our achievements are there for itself to be speaking out loud and clear.

Over the weekend I had the privilege of flying by chopper to the Sepik River, there was a church programme there, I was not flying to Wewak to do politics like some do. I was flying to do church business. And as I was flying in, 15 minutes out from Mt Hagen, in the middle of nowhere I saw a machine.

At first I saw a bulldozer in a very steep gorge separating Baiyer, Wapenamanda, and Kompam hanging on a very steep gorge trying to make an attempt to cut a road. I remembered then the Member for Mul-Baiyer telling me that he is building a road towards Kompam-Ambum from his DSIP.

Now, if that is a hoax someone has got to define to me a better definition of development in that context.

Mr Acting Speaker, I thought that was the end of development, I flew on and seven minutes later, I came back and asked whose electorate it was and the Honourable John Pundari tells me that it was his electorate, and he gave me the village name. It was called Leila. By

helicopter it is about 10 minutes into the Sepik Plains. There was a bulldozer punching roads into that corner of PNG.

Mr Acting Speaker if someone tells me that it's a hoax then it beats the logic out of me that in a hoax budget there is development taking place in corners of PNG that hasn't seen development before.

Mr Acting Speaker, if a budget was a hoax, you ask the Member for Kundiawa-Gembogl if he is traveling on a sealed road that is halfway into Gembogl.

If the budget was a hoax you ask me if there is a road starting from Kokopau into Buin in the Autonomous Region of Bougainville.

Mr Acting Speaker, if the budget was a hoax you ask me if Aropa Airport is now taking in aircrafts.

If the budget is a hoax you ask me if you can drive from Kimbe to Kokopo for the first time.

Mr Don Polye interjecting!

Mr JAMES MARAPE (Tari-Pori-Minister for Finance) He doesn't know because he is so blind to his politics, he talks about contracts.

'Mr Speaker', let me finish. If it is a hoax you ask the West New Britain Governor if he has opened his port in Kimbe or the airport terminal in Kimbe?

If the budget is a hoax you see what is happening at the Kagamuga Airport Terminal?

Mr Speaker, if it is a hoax, this weekend I invite the Opposition Leader to drive with me to Kerema. In Hiritano Highway we will be driving on an almost sealed road all the way into Hiritano Highway. The Angabanga Bridge has a good state-of-the-art bridge running through it, if that is a hoax then maybe I am reading the budget from a different perspective and the Opposition Leader is reading it completely differently.

Mr Acting Speaker, we delivered the Pacific Games. Now people are talking about the issue of contract inflation and corruption. I am sure the Opposition knows very well and some of us are going through the process of getting the Courts and the Ombudsmen to understand the full details of every allegations that we are asked to answer for.

Mr Acting Speaker, the same path is there. If someone's got any evidence of corruption, if someone's got any evidence of inflated contract I am sure they've visited the police before, I am sure they've visited the Ombudsmen before, it is not new to them. You don't gain public sympathy on Facebook nor do you gain it on the Floor of Parliament. You comment intelligently on the alternatives. On your steady hand when the weather is rough in terms of the global economy. On your steady hand when there is depressed economies right around you, how do you get the country through?

Mr Acting Speaker, the Opposition Leader went on record mentioning K5 million. Let me put to him, if he cares to go to Kandep and check the district treasury it is K6 million.

Mr Don Polye – Where did the other million go to?

Mr JAMES MARAPE (Tari-Pori-Minister for Finance) It is K6 million. I'll come to that. On the government side we received K6 million -

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Here are some numbers. The Opposition Leader has confirmed K5 million. Let me put to him that if he cares to go to Kandep and check the District Treasury for K6 million, he will find that the Government had received K6 million.

Our performance this year, saw 75 percent budget implemented. As responsible Government as we are, we are bring in supplementary as well as budget proper so that our numbers look responsible as if it migrates from this physical year into next physical year. That is what steady hands can do in times of calamities, storm, when weather is not good as far as global economy is concerned.

Mr Speaker, if I list down everything we have done as a Government, time will beat me to this space I have today. Let me give you one statistic in term of DSIP and PSIP and free education.

In the last three years and this year, K4.45 billion would have gone out to rural PNG. That is money for development. That money includes PSIP, DSIP, Health and Education for infrastructure.

Mr Acting Speaker, you can ask the Member for Bulolo whether he has received K2.5 million already or not in the health and education sector funds.

He is so famous for his complaints. The little comfort of his mouth in appreciation of money he received. Mr Acting Speaker, he will confirm that he has received K2.5 million.

Mr Don Polye – Point of Order! The Minister for Finance is watering my point because I did not talk about the money. I talked about a budget that he said, this year there will be K15 million per district and I said it never came about. It was short of another K10 million and that was the truth, can he accept that? You failed to deliver and you are broke. Just admit it and do not bit around the bush.

Mr JAMES MARAPE (Tari-Pori – Minister for Finance) - we are still living within 2015 fiscal year. Under the negative scenario the Opposition is painting that we are broke. But we would have paid K6 million to all districts right across PNG including Kandep.

On top of that, K2.5 million would have been allocated to all districts for education and health infrastructure. This is a testimony to our Government under correct leadership who knows what we are doing in times when it is hard all around us.

Mr Acting Speaker, I would have not done any better than what the Treasurer is doing today. No amount of PHD or Doctorate in economy can do much better about it. I am sure the Opposition Leader will go and have his field day in media tomorrow announcing his alternate.

We want him to put a clear alternate out to the public as to how he can, if ever he becomes a Prime Minister or Treasurer how he can perform.

Mr Acting Speaker, I will tell you that we have failed to attract investors because we continue to make headlines that scares investors away. When you talk about growing the economy, you do not grow the economy because something good is happening in Tari, Kandep or Wau-Bulolo for that matter. The big headlines or signals we send to the international market or investors must be good.

Someone drinking coffee say he wants to invest K10 billion in PNG, so we saw Honourable Don Polye wants to change the government. This investors holds back his money. That is how crucial and yet at the same time we are beating our chest out –

Mr Don Polye – Point of Order! This is not a motion for vote of no-confidence against the Prime Minister we are debating. In fact the motion I have is that you are scared so you are rushing this budget and you are doing it all wrong.

The Prime Minister and the Finance Minister keep saying the Opposition does not have a policy. I introduce early this year a policy called skilled industry policy, it is in the *Hansard* so check it out, it is a 40 page policy. We have done it and you have no policy.

Mr ACTING SPEAKER – Minister continue.

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Mr JAMES MARAPE (Tari-Pori – Minister for Finance) Mr Speaker, if we are operating in a policy vacuum our Budget consistence in the last four years would not be such. Our budget consistence in the last four years is driven by policy. We believe in free education that is why in the last four years, K1.8 billion was transferred from Waigani directly into schools nationwide.

Mr Speaker, conversely K1.8 billion that parents would have paid Education Department is saved by parents and citizens out there that is direct policy of the Government. Our policy is such consistency in the last four years reframing the budget, not deviating so much from where we started out when he was part of it, during the years 2012, 2013, 2014, 2015, and now we are sticking to the main tax of our policy frame work of 2016.

Mr Speaker, I don't need to be a rocket scientist to understand that a policy driven budget has consistency that's why Members of the House see consistency. You don't win government in tribalism, shouting and loud mouth, you win government through intelligence, leadership, steady hands, firm hands, knowing that leadership must be safe by a leadership that knows where its taking the country to.

Mr Speaker, I am sick and tired of issues of corruption all the time, if I am tired please take me down to the Police I have there, I will go there one more time, Mr Speaker, when you Speaker on issues of policy we have policy that is why we stick to the Budget focus consistently in the last three years and as a result we are handing down this Budget again.

Mr Speaker, the nation has seen evidence of money transferred from Waigani into the rural; areas. My provinces of Southern Highlands and Hela today, they will still accuse me and

the Prime Minister for not entertaining their full request despite them owning the Oil and Gas, but that is leadership. We pay the price of being the Prime Minister and Finance Minister, Works Minister because the country is living in a time of want and as national leaders we have to be responsive right across. Today let us not cry and talk, provincial leaders, for instance my good friend, the Governor for Oro, what are you doing to develop the economy of Oro province, there is good land there, I'm just using that as a case, my brother the Member for Kikori, the longest serving Member for Kikori, money is coming to your district, have we changed Kikori for that matter? When Somare was Prime Minister then, Sir Julius and Wingti, the little Budget that they had, if they could hold our country together for so long, you and me receiving money consistently, by the end of this year, you would have received K30 million, I ask an honest question, have we done something with it, Member for Kikori?

That is the honest question we should be asking ourselves in time of want, base line, we may need everything else but in time of want, the DSIP and PSIP allocations, what have we done? The good Governor for Morobe continues to ask all the time. I ask an honest question, the last three years K97 million, for every kina, what have you done to match the change of Lae city from, pot hole to cement city today? These are questions that we can ask, instead of playing here, talking politics all the time.

Mr Acting Speaker, I rest my case.

Mr JOHN PUNDARI (Kompiam – Ambum – Minister for Environment and Conservation) – Mr Deputy Speaker, many good things have been said and I do not wish to repeat what has been spoken as it will only dilute what has been said therefore, I will add only a few words.

(Laughter in the Chamber)

Mr JOHN PUNDARI (Kompiam-Ambum–Minister for Environment and Conservation) – First and foremost I want to thank those who prepared the budget. We have three learned, well educated people, one of whom is the Treasurer himself, Minister for Planning and the Finance Ministry led by the Prime Minister, a well-informed Cabinet that brought this Budget to present.

First of all, I thank you for your leadership and I thank the great team, those who played the leading role in advising the government to assist us in putting this Budget together, which we call the People's Budget. I was pleased when I heard the Grand Chief Sir Michael Somare speaking. I am not talking about us the long serving Members but the new comers into Parliament. I think we are very privileged to be a part of our fore fathers who lead this country into Independence and they are still in Parliament thus, we have the privilege of being with them in this Parliament and making decisions together. I thought about it and it makes me glad, thank you very much for your leadership over the past years and thank you so much that there are things that we are learning from you and the wisdom that you still provide us young leaders in this Parliament. It is also good to know note that our Prime Minister provides transformational leadership and I am glad to be a part of this Government and to be influencing this change that we are experiencing and seeing in this country.

Honourable Acting Speaker, I want to make a very important point here.....

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With respect to the Leader of Opposition and the Governor for Northern yes, we screamed at each other earlier this morning but as leaders we are standing for what believe in.

Let make clear some facts here. Some of the points we raise here really misleads new Members of Parliament and also creates public animosity.

As I was listening to the Opposition Leader and the Governor for Northern debate earlier painting a portrait of government leaders paying extra thousands to contractors for spin offs –

Mr Don Polye – Is that true?

Mr JOHN PUNDARI (Komipiam – Ambum – Minister Environment and Conservation)

- My Opposition Leader when you were once upon a time Works Minister I also heard a lot of your stories too.

(Laughter in the Chamber)

Mr JOHN PUNDARI – So we continue to hear of stories of Ministers in the past and in the present and our people will have the impression that we are stealing these funds that come to the DSIP and PSIP.

Mr Acting Speaker, I think we really have to be careful in the way we use our words in trying to bring a message to our people. We must not give the impression that our Governments are about stealing and plundering the wealth of our people. That is not right and there is no truth of it.

Mr Acting Speaker, I am not the Chairman of the Technical Evaluating Committee nor is the Prime Minister. Former Minister for Works and Governor for Northern you guys must know about this.

I am not the Chairman of the Central Supplies and Tenders Board and nor is the Prime Minister. We must all know this –

Mr Don Polye – Point of Order! Mr Acting Speaker, he is addressing me as the former Minister for Works when he should be addressing the Chair and debate on the issue. Secondly, he should not spread allegations just because he just wants to say and think. He should not come and talk about other leaders on the Floor of the Parliament. I have not said that. I have debated on the subject matter and I ask the honourable Minister to debate on the subject. He seems to be emotional and personalizing thing which is a low blow below the belt.

Mr JOHN PUNDARI – Mr Acting Speaker, I thought the Opposition Leader was way below my shoes in his debate when he made an indirect allegation to making our people think that this Government is exorbitantly paying contractors so that some people are making cuts in this deals. If they think that our leaders are corrupt in this country than all our public servants are corrupt with us as well. That is exactly what you are saying. The truth is I am making an example of road contracts for that matter. Who does the technical evaluation of all the tenders that come in? Is it the Minister for Works? Is the Prime Minister Peter O'Neill the Technical Chairman of the Evaluation Committee? Is he the Chairman of the Central Supply and Tenders Board? I want to hear one technical evaluating committee in this country to come and tell me that Peter O'Neill influenced and said that we recommend this company at this price.-

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To come and tell me that Peter O'Neill influenced and said that we should recommend this company at this price. Am I going under your belt now? It is a process that starts from A and ends at Z and then a contractor takes the field. You had a foreign contractor that built the Mendi to Kandep road when our Opposition Leader was in Government. How much was the contract worth for that foreign contractor? Did he have any influence in it? Mr Acting Speaker let us not belittle ourselves.

I want a technical evaluator to come and tell honourable John Pundari that the Treasurer influenced that decision. I want a CSTB Board member to come and tell Mr Pundari be it the Prime Minister or the Minister for Finance or any Cabinet Minister having to influence decisions made there and the recommendations and decisions made by Cabinet.

Without factual evidence, how dare do you think that Leaders in the government ranks are stealing from the public purse? I am correcting you now so that you get it right.

Mr Don Polye – Point of Order! With respect to my brother, Member for Kompiam-Ambum and also a Minister, he is on a completely different track. If he is rebutting me then he has to rebut my points. I did say that I have documents from CSTB that have given variations beyond the proficiencies in the law to 96 per cent, 50 per cent and 40 per cent. I did specify those variations so I spoke on facts and figures that I have. I also did make inference or I referred the matter to the Public Prosecutor who provided me a reply in my capacity as the Opposition Leader. I am basing my remarks on factual information that I have. I respect his views and I am taking note of his rebuttal but he must make an intelligent rebuttal because this is a very shallow debate.

(Members laughing)

Mr JOHN PUNDARI (Kompiam-AmbumOpen - Minister for Environment and Conservation) - Mr Acting Speaker that was just one of the other points he made. My debate now is about another point and I will come to the point that he is raising now.

My point is that you think that the leader of this coalition and Ministers of this Cabinet continue to make cuts like you did when you were a minister in the former government. Just

because you did those things it does not mean that we are doing the same. It is about time we got to the bottom of things because we are fed up.

Mr Don Polye – Point of Order! Mr Acting Speaker the leader must show maturity and intelligence in his argument and not show a lot of emotions. For him to continue attacking me like this will not win him any favours from the Prime Minister. I am seeing him crawling very low and it does not win anything from the Prime Minister. He was with you like he was with other Ministers so take it easy.

If he is trying to make allegations then I will also make allegations about him and that is not good. You have been bad mouthing the Prime Minister and now you are crawling back to him.

(Members laughing)

Mr ACTING SPEAKER – Minister, it is not right to point fingers so please address the Chair.

Mr JOHN PUNDARI (Kompam-Ambum Open-Minister for Environment and Conservation)- Mr Acting Speaker, how can the Leader of the Opposition whom I have so much respect for can see it fit to tell the greatest of all lies on the Floor of Parliament?

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Sir Michael Somare – Point of Order! Mr Acting Speaker, with due respect to the Member for Kompam-Ambum, it is un-parliamentary to point fingers at each other and I think it would be good if both of them talk about facts and figures. It looks more like a tribal argument rather than a good parliamentary argument.

(Members laughing)

Mr JOHN PUNDARI – Mr Acting Speaker, I apologise to this honourable Parliament if debates have gone personal but I think God almighty knows what we are saying to each other so

I think we live it at that. Today I have lost all my respects for all the lies I have had from the Opposition Leader.

Let me get down to the bottom of this. If you have got facts that someone is exorbitantly putting prices on contractors and making a cut in between please provide those facts to the appropriate authority. By making mere allegations without evidence doesn't go down well with me as a member of this Government.

Mr Acting Speaker, my second point is that everybody here knows that the CSTB is subjected to verification before making approvals. The Government did not influence them. Because of the need to deliver the Pacific Games on time, they did this variation approvals and this we all know. But for you to come and accuse the Government in the media and in Parliament is unbecoming. We are not the chairmen of CSTB and we respect the processes that come and approved at their level. The Cabinet only approved recommendations that come from the due processes.

Mr Acting Speaker, I think I should make that point very clear it is getting too much of petty politics and rubbish. I think this is all so thank you so much.

Mr Sam Basil – Point of Order! There is a good example that in case he forgets and that was the purchase of the LR generator for K144 million and later went up to K152 million that did not follow that proper processes. I can see Mr Dairi Vele standing there, he was going to be arrested but he got a court order against it.

Mr ACTING SPEAKER – Your point of order is out of order! You cannot name people outside of Parliament.

Mr Kerenga Kua – Point of Order! I have never condoned corruption and neither do I supported corruption. My mere point is that if there have evidences and facts then provide them to the proper authorities. They must not talk as if we are the authorising officers that get ourselves in both in a process from the beginning to the end. It just does not work this way.

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Mr Acting Speaker, the Opposition Leader thinks that he can come on this Floor of Parliament and lie and think that I will join him on the other side. I am sorry, he knows very well that I have been supporting my brother on this side of Parliament –

(Mr Don Polye interjecting)

Mr JOHN PUNDARI (Kompiam-Ambum – Minister for Environment and Conservations) - You have tried everything under the sun to lure me, my brother, but I am sorry.

(Members of Opposition interjecting)

Mr ACTING SPEAKER – Honourable Member, you have made your point.

Mr KERENGA KUA (Sinasiona-Yonggamugl) – Thank you, Mr Acting Speaker.

Today this afternoon on this day, I always thought that North Korea had monopoly over the business of self-adulation and adulatory worship. If this Parliament continues down that track then we are going to be serious competition to North Korea by facing each other and worshipping each other.

Mr Acting Speaker, the reason why this point is relevant is this that parliamentary time is of essence. We have got a lot of serious business about how to govern this country that we need to be talking about rather than scratching each other's back, worshipping and praising each other.

Mr Acting Speaker, just a moment ago I voted in support of the motion that abolished the Opposition's right to reply to the Budget. That is different to supporting the Budget. The outcome of the Budget will be coming out shortly and I will be voting in support of the Budget. Nevertheless, as the former Attorney-General and still a current lawyer, it is my obligation to ensure that processes of freedom of speech and debate on the Floor of Parliament is observed and respected at all times.

We have no reason to fear freedom of speech on this Floor of Parliament because this is where all the speeches, all the talk, debates and business talk is supposed to be conducted. If we put a lid on it here in a regulated and controlled environment, and drive underground and onto

the streets where it is not regulated and controlled then that is a recipe for civil problems. That is why whether things are good or bad, we all need to tolerate one another and listen to one another on the Floor of this Parliament. And we do have the number to pass the Budget and there was nothing to fear. At least we should have given the Opposition time and opportunity to reply meaningfully so that everybody is talking about intelligent debates. You will have intelligent debates if people are given time and the opportunity to contemplate things. Let us talk serious of national interests on the National Budget.

My next point is in regards to the Supplementary Budget.

Mr Acting Speaker, I always was of the view that the objective and purpose of a Supplementary Budget is to correct the direction and the implementation of a Budget before you go down the path. You do it to have prospective effect but not for retrospective effect. So, if we were to pass a Supplementary Budget then we ought to be passing it a few months before the close of the financial year. The reason for this is that, by doing it very close to the end of the financial year you have given control to the bureaucracy. So, they are tracking down a direction that has not been authorised by Parliament under *section 209 of the Constitution*.

We have not approved the path, they have gone because economic circumstances have changed so, they out of necessity have taken a different direction but a direction not approved by Parliament, which has the constitutional authority. So, we could have easily brought it here on the Floor of Parliament in about August and put a new direction. That is the legal basis and it is not about creating stability or creating the right perception. It is about doing the right thing by our laws.

Therefore, when I look at this Supplementary Budget I see nothing in my copy which says, it has retrospective effect back to August or July when the economy started to take a different turn to the one we approved in November 2014. And that track, to the extent that it was not approved by this Parliament pursuant to section 209 has been an illegal track.

So, now, we are coming on to the Floor of Parliament, and this with respect to my parliamentary leader but this is a matter of law that we must get right.

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We need to do it before we reach this point. We must correct it before it reaches the end of the financial year.

Mr Acting Speaker, we need to correct ourselves based on the debates that we are now having, if it is necessary to have a Supplementary Budget we must have it presented in August or September, few months before the close of the financial year.

That is where we will have proper governance because it sets a precedent. If you expect people out there in the Public Service and private companies to follow the rules of good governance, we need to demonstrate the right example here in this Chamber. That is my point.

Mr Acting Speaker, in the Treasurer's speech he talked about reaching a balanced Budget by year 2020, I believe that is a long wait.

The Department of Treasury needs to relook the issue and I think they can bring about a balanced Budget a little bit earlier.

We need to relook at their strategy and give the right advice to the Cabinet and this Parliament with the view to making sure that we reach that balance before 2020.

I am not an economist nor a financial analyst of any sort but I believe that there are some structural adjustments that can be made to bring that balance maybe before the year 2018.

I thank the Government through its Treasurer for the K80 million allocation for the Court Complex next to Parliament. That has been long overdue. But the point that I want to make is about how we administer our statutory and constitutional responsibilities.

I really think that we are unnecessarily stressing the court systems. Which has created the need for more judges, more lawyers, more support system et cetera and its making the administration system of this country very expensive.

What we need to do as a Government both here in this Chamber and the NEC and the bureaucracy is to make sure that we follow the law and that we do not create unnecessary issues forcing people into the court rooms.

There are far too many Judicial Reviews. Judicial Reviews are conducted into improper allegations of improper administration decisions based on statutory or constitutional powers.

We have got too many of this cases in this country. That conveys the message of whether or not we are administering our administration duties properly.

So, Ministers need to take responsibility and to carefully oversee the administration of their Ministries and their Departments and their ability to make decisions in Cabinet to make sure that they do not give rise to too many judicial reviews and administrative challenges and all other related types of court proceedings. In that way we don't really need to build big Court

complexes and have too many Judges. We will be saving money for other important social developments we have in this country.

Mr Acting Speaker, in regards to the Sovereign Bond issue. That is a means of raising finances to finance our Budget year by year. Which is alright but we also need to do that responsibly.

The point that has not been dealt with in detail in the speech is whether how that impacts upon our current debt to GDP. That is a point that needed to be clarified so that when we pass the Budget we don't run into breaches of our own law the *Fiscal Responsibility Act* or the *Overseas Loans and Borrowing Act*, for example.

Mr Acting Speaker, in regards to the Sovereign Wealth Fund and what we need to get clear is that the Sovereign Wealth Fund was never intended to be an operating account.

We cannot channel money in there and take it out in the same year take it out for our operating cost for the Government. The objective of the Sovereign Fund is to capture a percentage of revenue that is being generated by the State and save it for the long term. It is long term investment fund. So I think to the extent that the SWF allows us to channel money in there and take it out in the next order of the second financial year really defeats the purpose of operating a Sovereign Wealth Fund.

We need to look at the way we design our Organic Law on the Sovereign Wealth Fund and make sure that it does not operate as an operating account but is operated as a long term investment fund for long term benefits for future generations of this country.

Mr Acting Speaker, at the moment it is designed to channel all revenue from all SOE's into that company. What I think successfully has happened is the SWF Board has become the Government and this Parliament has become a Committee of that Government Because all the revenues from all State Owned Enterprises are channelled into the Sovereign Wealth Fund.

The proper course would be for the revenue to flow into the consolidated revenue here and we portion only that bit that is relevant sufficient of keeping our long term investment for the future generation would be syphoned off into that account. But that is not the case. Now everything is going there and then coming back to Parliament. So that position needs to be reviewed.

There was a point that was raised by Member for Lae about the two percent that was owing to the churches.

Generation of leadership have always had to grapple with the question of how we can be able to contribute some money to the churches whose work has nearly benefitted all of us here on the Floor of this Parliament and this country. But they have never had the opportunity to do so.

Mr Acting Speaker, the opportunity came while I was Attorney General the Prime Minister authorized a delegation led by myself to go to the World Bank in Washington to look at how we can be able to structure the Sovereign Wealth Fund in a way that escapes the restraints placed by what is called a 'negative pledges cloth'.

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That is a provision in the existing loan agreement that we have with the World Bank, IMF and the Asian Development Bank and that clause states that they will give us from loan. You do not have to put up a mortgage but if you give a mortgage to somebody out there, all our future loans then that mortgage. That mortgage must first be given to us. For example, with the UBS Loan, we've given a mortgage, we have already breached a negative pledge cloth.

Our commitment to the World Bank, IMF and the ADB are being violated as we can see now that they are quiet because they do not want to talk about it but one day, they will talk about it and at the time when we need them badly, they will say hold on, there is a red card. You are in a continuing breach of the negative pledge cloth because you have given a mortgage of UBS without firstly giving it to the World Bank, IMF and the ADB.

As a country, it ruins our integrity, our credibility and that's what it does. So that was why we went there to conduct the discussion with the World Bank on how we can avoid that so that, when we set up the Kumul Companies, they will be free to go out there and borrow in the International Money Market without the restraints of the negative pledge cloth.

Mr Acting Speaker, in their discussion this is what they said. The negative pledge cloth only applies to public assets and a public asset is an asset that is 100 per cent owned and control by the State. So, I said what if in the case a company which is not 100 per cent owned by the State but that one or two persons is owned by somebody else outside of the State, would that qualify to be a public asset to which the negative pledge cloth will apply? They looked at each other and they adjourned the discussion. They said that they will give their position tomorrow.

We came back the next day and they said no. It does not apply and if an entity is 99 per cent owned and control by the State, it is not a public asset by strict legal definition. So it means that if we give away 1 per cent of any State owned enterprise or a Kumul Company to the Churches for example and that is what I proposed to the World Bank. Would that be still a public asset? They said no.

If you give away anything or a percentage away to somebody less than 100 per cent, it's not a public asset, therefore, the negative pledge does not apply, so there you are. We have found the solution. So we came back and had discussion with the Prime Minister and he said it's alright, that's good.

I think the time has come for us to honour the Churches and give them 1 per cent of the Kumul Companies but somewhere the ideas fall through the cracks.

Mr Acting Speaker, when I left as the Attorney-General, the idea fell through the crack and so the Prime Minister may revisit the issue. I believe, he's got too many issues on his mind and those that assisted him did not look at the issue properly and should come back to me and I am available to assist if there is necessary.

We talked about State owned Enterprises. The State owned Enterprises are largely those State Agencies and Instrumentality which have been incorporated into companies under the Companies Act and they operate for profit. But the problem with these SOEs is that there is no clarity in their mandates. Some of these companies qualify to operate for profit but others, their functions allow them to continue to operate as a not for profit organisations but they operate as companies and they are confused with the role of making a profit of providing services to the community as a not for profit organisation.

Mr Acting Speaker, my encouragement to the Minister for State Enterprises is that he needs to look at this very closely because there are so many State owned Enterprises Companies Incorporated under the Company's Act owned by the State but whose role is not carefully define.

We need to ask the question. Does the PNG Water Board or Eda Ranu need to be a for profit organisation or not for profit organisation. These are fundamental questions that we have to ask because it's not going to be not for profit organisation

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Mr KERENGA KUA- He needs to operate at the breakeven bases and provide water not at petrol prices, but at water prices, Air Niugini is role to provide cheap affordable transport to the people of Pawa new Guinea who are not well contacted to road and ships or should we continue to demand profit for them and make travel and movement of Business and the Development of Economy more expensive, especially tourism as an example. We need to make a cleared demarcation and draw a cleared demarcation line between for profit and not for the profit stakeholder enterprises when you put not for profit organisations in the one basket and all the four profits making companies in the other basket and demand for profit and dividends then you will see clarity and they will have a clear understanding of what their role is and they will continues contribute to constructional revenue every year in dividend and not for profit. They will continue to provide cheap portable quality services to our people.

I have no clear understanding whether we are running one or two books, one for the Government and the Independence State of Papua New Guinea and another for stakeholders Enterprises, My position would be this, Mr Acting Speaker, that we cannot effort to run two books. We run one books, and they still lack of clarity and confusions between the books run by two separate identity my positions would be this Mr Acting Speaker, that we cannot effort it to run two books.

We need to tell advisers of those who are responsible to the Floor of this Parliament about whether we running two books or running one book, and what's the actual pictures if we are running two books whether within the limited that is allowed by law, etc.

Mr SPEAKER – Honourable Member, your time has lapsed!

Mr TOMMY TOMSCOLL (Middle-Ramu-Minister for Agriculture and Livestock)- Thank you Acting Speaker, for recognising the people of Ramu and the people of Ramu are very good people so they will not give too much trouble.

Mr Acting Speaker, I want to take this time to commend the Treasurer for the Budget which is brought before Parliament. Briefly the Budget is a robust Budget, it puts the country's economy on a solid foundation.

Mr Acting Speaker, this Budget clearly is a balance Budget because it captures your PSIP which goes down directly to your people and in your DSIP it captures free educations and basis free health care plus more. Mr Acting Speaker, in line when you do not have plan you do not success. This Budget is a money plan for this Government to successes

Mr Acting Speaker, the Economy of our country is made up of the Oppositions, ourselves, all the people who buy all the product and services in this country, It is therefore important that we are reminded to talk about economy of this country, we must talk the economy upward, it is important that we must signal to foreign investors that investment confident is an important perusal of our growth .GGP does not come because you have an Investment or you have investors.it works both ways, so we pay attentions to economy indictors in Papua New Guinea.

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When we measure the health of our economy we are talking about the income. When we measure the health of our economy we are talking about consumer spending and we are talking about inflation.

Put all of them together, they make up what we called the 'Gross Domestic Product' These indicators do not show currently, Mr Acting Speaker, the indicators we have before us do not show that our economy is overheating. Our economy is not over heating and there is no need for panic. The Government is clearly in control of the economy.

What the economy is showing is that the economy is contracting. In any economic cycle that is usual after you hit the peak. After you hit the peak that is usual for it to contract before it reaches the top and then it expands and then it reaches the peak once again. The cycle in an economy revolves and repeats itself in that way.

For us to say that the economy is unhealthy is in fact totally misleading and not just misleading the Members of this Parliament but, we are also misleading our people. We, in 2016 of course are restrained in many ways by our revenue because of the commodity prices.

We are all aware that the low commodity prices on the global market is not only affecting Papua New Guinea. It is affecting all the countries, it is affecting even the strong economies such as China and India. So we are not strangers to what is happening.

Mr Acting Speaker, in Papua New Guinea we will also be affected by the drought. The drought is something we have to all live together and we have to all work together to rehabilitate our people, to rehabilitate our crops, to rehabilitate our animals and to rehabilitate life back to normal after the event.

Mr Acting Speaker, since 2012 the GDP of Papua New Guinea stood at more than eight per cent. In 2013 it recorded a 5.5 per cent an above high of 8.4 per cent the following year. This year it is projected to record 9.9 per cent and next year we are projecting that it will record 4.3 per cent.

Mr Acting Speaker, that in fact is not a decline. That in fact is not deficit, it is not negative. So it shows very clearly that this is a Government that is totally in control and totally managing this economy very well.

The other economic indicator that is used to measure the health of the economy in Papua New Guinea is inflation. Now, let me tell you, Mr Acting Speaker, in comparison to the past, so I shall state some of the past figures in inflation.

In 1995, Mr Acting Speaker, Papua New Guinea recorded a 17.2 per cent inflation. In 2000 it recorded a 15.5 per cent inflation. In 2002 it recorded 11.7 per cent inflation, 2003 inflation stood at 14.7 per cent.

These are some of the signs that PNG is truly, if you consider that this is an economic indicator, showing that there was a problem in the economy. There was a crisis in the economy but if you compare it to this Government's record since 2012.

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In 2012 we recorded a 4.5 per cent high followed by in 2013 with 4.9 per cent and 5.3 per cent. If you look at next year, we project a 5.7 per cent inflation. What does it tell you? What this means is that the economy is very healthy.

In fact, inflation is like a fertilizer. There is nothing wrong with inflation. When you put too much fertilizer into a pot plant in your house, that pot plant will be stunned and will not grow. And if you put too little it will also do the same. But if you put just enough it will grow. Inflation is an economic fertilizer that supports growth and therefore, this is the indicative of the way the government is managing its economy.

Mr Speaker, the bank of Papua New Guinea is responsible for managing inflation. It does that by controlling the interest rate or introducing control at a current pace.

Mr Speaker, inflation and GDP grow to show us exactly where the economy was in the past. Inflation and GDP grows to show us what the current health of the economy is today. GDP and inflation is not a perfect focus of measure to measure the future. So if you consider what we have to use we have to take GDP and inflation to measure.

Mr Speaker, I must commend this Government. It is doing very well. Economic indicators are focused. No country has ever focused its budget and got it perfectly right. So we cannot think as we may do our focus and get it right. And that is the role of this indicators.

What it does is that it gives us the conscious agreement on where the economy was, what it is today and where it will go. Economy of every country goes through the cycle the same way. It is therefore important that we understand how the economies run and what they are made up of. What are the signals it will give to tell us the economy is recovering, picking or expanding?

Let me move onto investment market attentive to economy. When you talk about investment we think of stock. So here we think of the stock we have bought at Oil Search that has led us to the borrowing at the UBS.

Mr Acting Speaker, the economic cycle markets stock also go through a cycle. It goes through a peak, flops and goes through a bull market and register the peak. So there are different kinds of investors. There are those who walk into the stock markets and invest in those money market for short term while other invest for long term basis.

Mr Acting Speaker, I assure you that the Government of Papua New Guinea, when deciding to go and buy stock from Oil Search it did not go there for short term.

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The Government is long term stock investor in Oil Search. That necessitated the need to get a loan to facilitate.

Mr Acting Speaker, when we bought that stock from Oil Search it is also important that we remind ourselves that Oil Search is a PNG owned company and it has been here for more than 50 years in the industry. It was here before any other company entering the industry. It is important for the Government to become a stakeholder so that this company must become a tool for the Government to intervene to grow that sector.

Mr Acting Speaker, these are our large multinational companies when the Government walks in and become a stakeholder it is simply signalling confidence to investors outside to come into the industry and confidence is what investors require from the outside apart from initiative concession. This forms the basis of the decision of the Government to enter into the stock market.

Mr Acting Speaker, the other issue is about the bond. Bond is also an investment that the Government has decided and that it will venture into next year.

The Government will issue Government Bond and investors will buy those bonds. When investors make decisions to buy bond they agree that they will be paid interest until maturity. At maturity they earn the final interest and they take away the principle.

Mr Acting Speaker, many countries use bonds to go into debt financing. The beauty about bond is that it gives a low risk to default and it provides you a low interest. Many of our loans that we currently have and we use to do debt financing we might as well replace these expensive loans with bond so that the savings we make currently we are funding a lot of these projects through our PIP Programmes. We have to borrow using bonds so that we release those funding to use it to fund other sectors and developments.

Mr Acting Speaker, I want to say this because many countries are doing this like America

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Mr Sam Basil – Point of Order! Mr Acting Speaker, I would like to refer to the Treasurers speech about pumping money into agriculture and we believe that the PIP under DAL will receive K27.5 million, CIC will receive K10 million Cocoa Industry will receive K6.7 million, Fresh Produce will receive K11 million, National Research Agriculture will receive K13.4 million.

Mr Acting Speaker, apart from lecturing, can the Minister outline how he is going to revive the Agriculture sector so that he can help the economy that he is talking about?

Mr ASSIK TOMMY TOMSCOLL – Mr Acting Speaker, if my good friend didn't waste a minute of my time it will give me more time to answer.

Mr Acting Speaker, let me get straight to agriculture. If we take a step backward to the past you will find that in the past Governments have come with policies and funding. Funding and policies have not transformed the agriculture sector

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All over the world agriculture sector has a combination of policy funding and legislation. In PNG we cannot transform the sector because it does not sit on any legislation.

Mr Acting Speaker, I am grateful to announce to this Parliament and my friends on the other side that the State Solicitor last week signed for a new legislation for the agriculture sector.

Once we have this legislation in place then funding will flow and this Government has done it by allocating K100 million for this year and next year as well. This Government is the only Government that is walking the talk by putting the money in developing this country. And I represent the government and have visited many of the districts to ensure that the local farmers are working in their garden by growing crops. With that, I want to remind all the Members that from the DSIP funds of K10 million allocated, K1 million must be put into agriculture but I have realised that many of the Members have not done that.

Thank you Mr Acting Speaker for giving me this opportunity.

Mr BIRE KIMISOPA (Goroka) – Thank you Mr Acting Speaker, before I make my speech in response to the 2016 National Budget and the Supplementary Budget Mr Acting Speaker, I want to point out here that it's the tradition of the Parliament that when any elected Member of Parliament has the floor to talk, every one of us must accord the respect that he or she deserve by us humbling ourselves and sit down and listen to what they say because you may never know, whatever they say may come with wisdom and knowledge for your benefit. Therefore, I personally think that it's very important for us to sit and listen.

Mr Acting Speaker, I want to commence here by saying that starting 2013 to 2014, the Government's projection was fitting balance budget to get the surplus in 2017, but now we have changed it to 2020. In actual fact, we said that in four years' time we must balance the budget.

Mr Acting Speaker, this target is a little bit ambitious in setting this sort of date by saying that in 2020 the budget will be surplus.

But in actual fact starting 2013 upwards we have been running expenditure side of appropriation by development budget and recurrent budget and it's a mixture of everything and we have been consistent with that.

So, I think that this projection to reach surplus in 2020 will be a credit to the government so it's best the government restrain himself from it.

Otherwise it signals the international community by saying that by 2020 it should turn over and become a surplus. Why I am saying this because some of the commitments that we have made will not be fulfilled. For instance, creating a superannuation fund for Defence Force personnel so that when they retire from the force they will take their share and retire. But if we still have the backlog with superannuation at around K1.5 billion then we will create another big problem in assuring the Defence Force personnel because unrealistic expectations will be created by ourselves. And once we reach 2020 we will be surprised to know that the situation has changed altogether.

Mr Acting Speaker, with that I want to say that perhaps it will be prudent not to set the limit as to when we will declare the surplus but wait till we reach 2020 and declare the surplus. With that, I give credit to the Government because they are doing quite well by managing –

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Prudent not to share the limit as to when we declared surplus. What we are suggesting is that we declare surplus by 2020. To the Government's credit they are doing quite well and managing a Budget but to come and impose a set time limit it does them no service at all.

Mr Acting Speaker, I have got a number of issues with regard to this Budget and in particular I want to talk about taxation.

If you can recall, Sir Nagora presented a preliminary discussion paper on taxation. He presented the idea that this would be an opportunity that we start talking about taxation and he proposed that we should review the Goods and Services Tax or GST. His committee suggested that we should lift the GST. If I can recall correctly there was an outcry right throughout the community and many commentators said it couldn't be done.

I would like to suggest to the Government especially, the Cabinet to seriously look at that. The time is right for us to lift the GST. You may say that if we lift the GST then the cost of services will go up and that may be true but that is not entirely the picture. You have another option available as well.

You can look at taxation broadly and start thinking about reducing company tax. Personal income taxes could gradually be brought down. We can also look at some of the tariffs that we have for example import duties is that imposed on basic food items that we import into Papua New Guinea.

Mr Acting Speaker, if we can mitigate some of these things I think GST gives us a better incentive to increase our revenue intake for us. I don't think we are capable of collecting K8 to K9 billion in any one year but a lot more.

There have been a lot of suggestions expressed on this Floor of Parliament like what the Governor for Northern mentioned who has a lot of experience in taxation. I think a lot of what he said are quite valid. We should broadly look at taxation and not brush it aside the tax review. I think it is high time we look at it. I believe company tax in this country is too high and we need to bring it down so that we can motivate small and medium enterprises. They in turn will go back and start hiring more people. We should look at the tariffs that we are putting up for example, import duty. We must have a broad review of everything.

Mr Acting Speaker, I proposed in one of my grievance debates and perhaps for the benefit for the Minister for Agriculture, I suggested that we should be travelling the globe and setting protocols for quarantine. We should not be tied down to Australia and New Zealand all the time. What is good for Australia and New Zealand is good for PNG that may not be the case. Let us think about broadening import destinations for PNG. Let us tap into Europe or the United States so that our people in small businesses can bring in imports at a cheaper rate and can compete with products coming from Australia and New Zealand. This is one avenue that can contribute to opening our economy. On record businesses are having a hard time trying to import goods from outside of Australia and New Zealand whether its poultry or beef. If we are going to encourage SME to grow in this country then this is something we ought to look at.

Mr Acting Speaker, the other issue that I would like to talk about is this Budget. I am the Chairman of the Special Parliamentary Committee on Public Sector Reform and Service Delivery. In my short experience and after looking at the Budget, I would like to say that as a document itself and the intentions of the Government are noble but the problem that we consistently have over the years is the implementation of the Budget. In the process we lose so much money. He raised issues about the performance of the Public Service but some things public servants cannot do like the calendar for the fiscal year.

I have mentioned it a lot of times that if we compare our neighbours like Australia their calendar is different from us. They start in June and finish in July so they work right through Christmas. We have this new system that was given to us by the World Bank called the

Integrated Management Financial System. Hopefully, when it is here we complete its roll-out right throughout the country then we should not have any hiccups.

Mr Acting Speaker, our accounting system is also causing a lot of problems for us. In this country we hardly work for three months. We cannot afford to do that so we need to streamline this system and make it more efficient. For what is in the Budget if we make appropriations then we have to deliver in full.

Mr Acting Speaker the other thing that is missing in the Budget is that some commitments that we made in the last fiscal year will be left out although the projects are still running. In one of my experience when I travelled to New Ireland in my capacity as the Chairman, I saw that the theatre in the hospital was incomplete even though the contractor was still on the ground. This is because we have already passed the month of October so we closed our account. The money was pulled back so the contractor couldn't do much. Now this project is not showing in this Budget.

I think it is important that things like this are brought on board in the Government's account so that our staff in the Finance and Treasury are held accountable. Whatever appropriations that we make for education or health –

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I think that will bring a lot of transparency in the way we do our Budget and the way we implement our Budget. This is one thing I have experienced as the chairman of a Parliamentary Committee and this I have to point it out. I have seen and I want to point out.

The other thing I want to talk about is the Loan the Government has obtained and I do not agree with it the Minister for Trade, Commerce and Industry or Minister for Agriculture and Livestock to talk about the UBS Loan.

I just want to encourage the Government to find it within themselves. I think the LNG project is a substantial investment. We have about 18 per cent equity partner with Exxon Mobil and those other partners, I think that is a substantial investment we have got and if there is a signal we need to send out through the broader community of our seriousness in terms of our investment in that sector we have done that.

This investment is a good investment and in terms of Equity Partnership, I felt that personally thought that at some stage the Government should reconsider the issue of holding shares in Oil Search. I am not suggesting that Oil Search is a bad company.

I think our soul responsibility as a Government is to raise money through taxation and other means and I think that we should not be taking part at the Stock Market, which is my personal view. I think the Stock Market is a speculative market where prices go up and prices go down as we all know.

It is important that at some stage it would be appropriate for Government to review that investment in Oil Search and at some stage make a determined effort to come out because we are going into the project.

If we are going to attempt to make an balance the book somewhere before 2020 and hopefully in 2020 we can declare a surplus, I think it is important that the Fiscal side in terms of balancing the book it is critical that we look at all these options and those options should be on the ground, these are just my personal views in terms of the UBS Loan.

Mr Acting Speaker, the other issue I have is broadening the Tax Base. I want to come back to that again because it is quite critical if you look at Australia in terms of their payroll tactics, like comparing apples and oranges there is two different economies altogether but I think the numbers do tell a story.

Australia has a population of roughly 23 million or 24 million people, they have 12 million people paying tax and that is a huge number of people paying tax.

I think the State is carrying the burden of service delivery and very little of our people are paying tax, I may be wrong but the last time I think the numbers were roughly around 150 000 Papua New Guineans paying tax, that was three or four years ago. If that number do increase perhaps by about 30 per cent or 40 per cent of the total population we have got the reasonable base to raise domestic income and that is something we ought to look at.

It is important that any suggestion of increasing the personal income tax version we got to critically look at it because on one hand we are trying to borrow and on the other we are trying to raise money so it is important to embrace whole heartedly to the Nagora Bogan Tax Review that have some merits in the review but, it is important for Government to really sit down, think it through and explain to our people exactly where we are going.

I think increasing the GST that is one of my option, let's have a look at that it. It is important for a country such as ours where we got companies within the SME sector that have created an art of avoiding tax.

Many companies in this country just refuse to pay tax and don't think the foreigners are not paying tax because most of them do pay tax but the worst culprits are our people, Papua New Guineans are the worst offenders.

But, if we can look at the tax review proposed by Mr Nagora Bogan than perhaps pick those important things out and perhaps convey the message to our people, I think our people are reasonable people they know what we are doing.

The Government has done exceptionally well in keeping to its core promise and that is Health, Education and Infrastructure which, is working right through and I note that the Finance Minister spoke eloquently about the keeping to the policy content of the Government that is running through and as a Member for Goroka, I am pretty satisfied with the performance of the Government in terms of keeping to its core commitment, the economic enablers so that we can have it run through and we are seeing development right around the country and we have to give credit.

But, I felt it is important, I get that some of the issues I have raised on taxation are critical and we need to pick that up and we cannot be resting anymore we need to open ourselves to the broad of knowledge economy and go out and set up the quarantine protocols process as quickly as we can so that the import of goods coming to this country would be much cheaper.

Let's make it a goal and try and cut down the number of imports in terms of lamb flaps, you may be amazed but there is a lot of lamb flaps coming into this country but because you are buying from Australia and New Zealand,

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If you open the door to the US and Europe you will see that we will cut back the number of lamb flaps, and then perhaps save ourselves from cholesterol and cardiac arrest. Therefore, these are the things that we ought to do, so, we have to get out in open and set up all these protocols for that is important.

If we are going to aid and enable the SMEs to grow then that is important and we have to do that. Apart from that, I would like to congratulate the Treasurer, the Finance Minister, the

Prime Minister and those in Cabinet who worked tirelessly to put the Budget down. There is never a perfect Budget but all I can say is, the government stuck to that policy plan. That in itself is any important plus for all of us.

Mr Acting Speaker, to conclude, in this country we are all challenged by the commonality of issues. A lot of issues bind us together and the critical ones are health, education and roads just to name a few. Whether I am from Goroka or you from Vanimo or Huon or Kandrian it does not really matter. If you need water I also need water. You need power then I do too. You need roads, I need roads also you need schools then I need schools as well, therefore, all of us are bound by these same commonalities. And on that score I think that the Government has done reasonably well.

Thank you, Mr Acting Speaker.

Mr PETER O'NEILL (Ialibu-Pangia – Prime Minister) – Thank you, Mr Acting Speaker, and thank you once again for giving me the opportunity to support our good Treasurer on this presentation of this Supplementary Budget and the 2016 Budget.

Mr Acting Speaker, I would like to also take this opportunity to thank the honourable Members of Parliament for their patience and for staying late for us to put this Budget through today, and to get on with the job of managing the affairs of the country.

Mr Acting Speaker, we have been playing too much politics over the past year. Therefore, I think that it is not times for talk anymore. We need to focus on making sure that we prepare ourselves for challenges that are ahead of us.

Mr Acting Speaker, those challenges are not easy challenges. When you have a global economy that is slowing down quite drastically, nobody, even the experts cannot predict how slow the Chinese economy is going to be. Nevertheless, the Chinese have their way of getting their data very accurate but even the experts cannot agree to those data. So, if the Chinese economy slows even further that means that our economy will also struggle even more.

Mr Acting Speaker, this also related to the commodity prices and therefore commodity prices have almost settled at record loss for oil and gas, and for copper and gold as well. This effect goes on to all commodities including all our crops which are being affected by this global scenario where we are now experiencing a huge down turn. Thus, with PNG the problem is compounded even further by the El Nino weather and the drought that we are facing.

Due to this drought that we are facing our own exports are suffering. We are not producing enough to export many of our agricultural produce and some of our mining operations are shutting down because of the water levels have dropped. And that only affects revenue coming into the country. Therefore, this challenge is not easy. It may be easy to fix because we have got some good oratory skills but it is not easy to fix by trying to manage things that are out of our control. Many of these are global issues.

Mr Acting Speaker, finally, there are also some issues about the Elections itself. We will have Elections in 2017 and that itself is a huge challenge. Estimates are now that it will cost anywhere from K200 million to K500 million. That is the kind of money that we have to look for somewhere so that we can have a peaceful Elections and be prepared properly for it.

Mr Acting Speaker, at the back of that I think that the Treasurer has presented a Budget that is balanced, fair and thoughtful so that we can continue to grow the economy. We have to continue to grow the economy so that it does not slow down.

Mr Acting Speaker, when our economy slows down the effect is very simple. It means that people are out of jobs. When people are out of jobs then their families are not eating food. That is the reality of life and no Government will allow the economy to slow down. Therefore, we must continue to make sure we keep that momentum going. If you see the global economies around us; China is slowing down, the United States, the biggest economy in the world has not experienced any growth whatsoever, Japan is virtually in recession, Australia is on the verge of going into recession. These are our four or five trading partners who are in very dire situations where their economies are in the verge of going into recession or the growths are much lower than what they predicted.

Therefore, in the future I know that our economy will continue to struggle to maintain the growth that we are trying to stimulate. That is why it is important that Government sticks to the core policies that we are committed to the nation

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. That is rebuilding the education system, rebuilding our health sector, rebuilding our law and justice sector, rebuilding our rundown infrastructure across the nation and of course making sure the economy continues to grow.

Mr Acting Speaker, in this Budget I can see that this Budget has captured those core policies of Government. The main thing is we are now for the first time redirecting Government funds directly to the people, to their provinces, their districts through their councils. That is where we are putting money on. Through education that is going directly to the people and saving parents from paying school fees. The things they pay to go to hospitals that is a savings to the parents and to our average citizen who is able to keep that money in his pocket instead of paying for the monaural Bills.

Mr Acting Speaker, I know there are some smart thinkers in the past who always thought that user pay is a good policy. That is a good policy when you have a society that has got a disposable income coming through. They can afford to pay for hospital bills school fees and that is fine. We cannot compare ourselves to Australia or New Zealand. Where they have got 95 percent of their citizens are earning disposable income. So they can afford to pay for these things.

We are the opposite. We have almost 80 percent of our people live in rural settings who don't have disposable income and they cannot afford to pay for these things. So do we just forget about these policies and we just leave these people behind and let the privilege few to move ahead. No it is our responsibility. They must have a future.

That is why today you can be very proud as a Government that you are able to put 1.2 million extra children in schools and over 2 million kids are in schools. That is because of your intervention. Half of this kids are girls. Girls meaning that they are empowered to be educated and they can make the right decisions in life so that they can have a healthier lifestyle and have smaller family and have a better further and becoming better managers of family affairs. These are things that are changing the communities.

I think it is important that it doesn't matter which side of the Floor you sit on. We have a responsibility to the nation. There is no point talking down the economy and the confidence of the nation.

Mr Acting Speaker, today we have a delegation or a Business Community from France. The France Chamber of Commerce and the France Embassy have got a delegation in the Nations Capital. They don't want to hear about our politics. They want to hear about good stories that Papua New Guinea is a land of opportunity where they can invest their money safely and get a good return out of it. When they invest money it means jobs for our people and it is revenue for

our consolidated revenue. That is why we need to work together to make sure that happens. Yes, we can call each other names, we can argue and rubbish each other but as a Nation we must stick together. We must work together for our people.

It is no point gaining cheap political point scoring. That we can leave it to the National Elections which is just around the corner. We can be able to go out there and if the people choose the right decision we will live by it. That is the approach that this Government should take.

Mr Acting Speaker, one other issue is Tax. The good treasurer received a report from the Tax Review Commission last week and the Government did not get the opportunity to read through the recommendations of the Committee and we will give a good consideration to that.

Mr Acting Speaker that is why not much on tax has been mentioned in this Budget because we wanted to make sure that the tax review is comprehensively handled.

Our aim is to try and reduce the burden of ordinary Papua New Guineans. The last thing we want to do is over tax the small income they are getting. We must make sure to broaden the tax base in the community.

Mr Acting Speaker, the only way to do that is to capture those who are not paying their taxes. They are not paying their fair share of obligation to the nation. That is why we have been working hard over the last few months with the Customs and IRC and that we are trying to capture every person who is going through the banking system and the financial system. That they must have a tax file number and be a paying tax person and a registered entity and those are the prerequisites of going and opening a bank account and making sure that you have good tax clearance before you remit money out of the country. When you want to pay overseas bills you must have all these things and tax clearance to do so.

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You remit money out of Papua New Guinea when you want to pay an overseas bills. Of course, we must say yes, I've got tax clearance to take money out.

Mr Acting Speaker, what has been happening with our discussion with the Central Bank and why they have intervene in the management of the foreign currency is because you do not have to be a financial wizard to understand this.

Let's look at the financial report of the last ten (10) years of all the Banks. One of their best performing assets is the foreign exchange dealings because they were in an uncontrolled mood. They were selling at the high price and buy back at the very high price and the margin were uncontrolled. That is why the Central Bank is controlling the margin. So, some of the Banks are refusing to play ball so they are not bringing money in and allowing their customs to put their money outside. All these games are going on and we are watching it.

But we are managing the situation very closely with the Central Bank and making sure that our people are not being deprived or they've been robbed of all these gross abused that is going on. This is just corporate greed. That is why we are taking this control measures that are taking place and I think the Parliament needs to support the Central Bank. The Central Bank has so far done a great job over many years and they have insulated our economy so that, when there are external shocks in the global economy. Our economy is always insulated so that, it does not suffer much and they are continuing to do that.

Mr Acting Speaker, that is the record that is commendable and I think that it is important to note that our investment apart from Health and Education, we are making big investment in Law and Order and Justice Sector.

We have built more houses for policemen and women all throughout the country. In addition, we are also building the training facilities in Bomana Police College which, was shut down for ten years. It is now reopened as a result we have more policemen and women coming through. We are slowly replacing the aging population because of the direct Government intervention.

We are also rebuilding the Defence Force and our aim is to bring the Defence Force up to three to four battalions so that they can be able to go and fight any of the conflicts or they can manage some of the conflicts around some of the international communities just like the Fijians do. Fijians do that to bring revenue for their families. They get allowances for their families rather than staying in the barracks. They are able to go out and earn an income but they are in a discipline environment and we are now rebuilding many of those facilities including the Igam Barrack where the Joint Services College has been reopened so that, all the officers around all the discipline forces, including CIS, Defence and Police to be trained together so that, they have a good relationship amongst the three discipline forces into the future.

Mr Acting Speaker, that has happened before and some of the people who are leading the Police Force and who have been leading the Police Force where they passed out of the same staff colleges with the Defence Force Commanders and CIS Commissioners. So, there is a good interaction about how they can communicate when they face security issues in the country.

Mr Acting Speaker, I want to commend the Treasurer for making sure that we put enough money for infrastructure. I cannot speak enough of the amount of roads, bridges, ports and airports that we are building it today right around the country. It is evidence that things are changing and our travelling public are becoming more and more usage.

For instance, in 2014 we heard constant road blocks in the Highlands Highway because of the landslides and constant road blocks that are happening and you cannot get the trucks through.

I can safely say that the roads are functioning today. You can virtually drive from Lae all the way up to Water Rise without much difficulties beyond Lae and going up to Chuave and beyond Kerowagi because you will notice that there is a permanent contractor based there to continuously fixing the roads for traffic to move.

Mr Acting Speaker, with the \$US500 million funding that comes from ADB, we will fix it. Today we will put K200 million in the Highlands Highway that will go into some of the counterpart funding that will enable this work to start. It will also enable some of the funding that we've got access so that we can fix all the feeder roads in many of the province throughout the country. I would like to inform this Parliament that those are the findings that already approved and there's a concessional that need to be utilised so that we can build the roads that we truly deserve.

Mr Acting Speaker, as we speak, there is a sealing program that is going from Mendi to Nipa and beyond Tari to Komo -

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From Nipa, it will even go beyond Tari and down to Komo, so for the first time, like the Highlands highway we'll be able to say like 90-100 per cent of the highway will be sealed. All the roads in Enga are fully sealed already. There is one section from Pogera to Wabag that is still yet to be sealed but the rest of the roads, including the Kandep are all sealed and people can travel easily and have access to better services.

That is what we want for our country and today as we speak, the Hiritano highway is almost going into Kerema town, it is only 15 more kilometres or so remaining. We will finish it and have it sealed before 2017. We are putting funding directly in the budget today. I heard the Governor for East Sepik talking about some of the projects in his province. The Sepik highway has also been given some funding directly in the budget for Works department so that we can continue to do the sealing program all the way to Vanimo and beyond.

To do that will require substantial amount of money so we are using counterpart funding through AUSAID, World Bank, ADB and all these concessional lenders so that we can be able to completely finish the roads. Our aim is that within the next seven years, all our approximately 10,000 kilometres of national highways throughout the country will be fully sealed. And that is not impossible. It may sound as an impossible dream to achieve but we are on our way to achieving that. When you look at the Buluminski Highway we put close to K20-K30 million in the budget to finish the last remaining kilometres stretching all the way to Namatanai.

We are doing the same for the East and West New Britain provinces trying to connect the two provinces. We will continue to fund it and there is a bridge going in there and we will make sure to complete the bridge so that we can start sealing the road. We recently gave the contract for the Arawa, to Kangu Beach and to Buin Roads and back and these contracts will seal most of Bougainville.

Things are happening everywhere across the country and I safely say that we are heading in the right direction. And the record standing on infrastructure, health, education, law and order are being looked into and they are making differences. But we have to be very careful as we are trying to correct some of the things that we did not invest in for many years. It is not going to be 100 per cent fixed overnight. It will take few years. If you look at the report that the Planning Minister has provided for you, he has given you a schedule and percentage of where we are and it is being produced annually on every sector of the economy and the social sector on which we are now rebuilding the entire country.

Our aim is to also get power generated to every household and community, at least up to 80 per cent in seven years, we can do that because of some of the decisions that we are making today; like going in private partnership with independent power producers, trying to get them to go and build power so that they can sell it back to PNG power and PNG power can hook it up to all the consumers throughout the country. We have now entered into an agreement to get the gas

from Hides, give it to a contractor to rebuild a high voltage power line from Hides to Tari, Tari to Mendi and then from Mendi to Mt Hagen, so we can link up that section.

And of course from Pogera to Wabag there is a sections that we are going to add on to that contract. So eventually we will link up every community, especially a main centre onto a hydro scheme or gas fired power generation or will be hooked up to a bio-mass. That is what we are doing. These are big investments that are going to change not only our communities but our economies. We need power to conduct businesses. I know that it is always cheap to talk about generators. It is not K140- or K150 million, it is less than K100 million that is how much we paid for the two generators.

I just want the Member for Bulolo to know that so that if he wants to make any comparisons, compare with any other 25 megawatt new generators from GE or any other world class producer and compare them. If you can get it any cheaper than what we got, please let me know. These are being delivered and they are now functioning and because of the El Nino we have disruptions. You can't blame the minister or anyone else for that. But these are things that are now if able to, if we did not get that generator or hook up the gas fired to ExxonMobil and put another 25 megawatts. 50 megawatts less, Rouna will not produce as much and you will be sitting in the dark talking.

Let us talk facts because this is the reality and it is important that we encourage private investors. Because the government does not have the money to spend in big power generation capacity facilities so that we can generate power ourselves. We do not have that kind of money and we will arguing about it in budgets every year but we will never allocate it because we don't have that and we have other priorities under which that we will be spending the money on. The second thing I have to say is I also give credit to the Minister for state –owned enterprises for the telecommunications interventions in the country.

I know many of us are all on Digicel and we take it for granted that it is covered everywhere but you can be rest assured that our state-owned entities are rolling out a broadband throughout the country, without you even knowing. They are following every power line and running the cables from Madang all the way up to Mt Hagen.

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Pulling up the broadband throughout the country without you even knowing they are following every power line and running the broadband cables all the way from Madang up to Mt Hagen. In fact they have passed Mt Hagen already and they'll connect all the way up to Hides where Exxon Mobil has got a sea cable coming through. It will hook up there and many of our people will be online immediately.

It will be much cheaper than what Australia is trying to do with a broadband connection all throughout Australia.

And, Mr Acting Speaker, our Government has also given a contract so that we can achieve seabed cabling which will now go to every coastal town in the country, including Rabaul, Kokopo, Bougainville, New Ireland and Manus.

You will see that in the next five to seven years all these projects will be delivered and by the time they are delivered the connectivity, both on power generation and telecommunication will transform this country.

Mr Acting Speaker, not only in education but delivery of health services, tele medicine, it will really change our country in the way we conduct our businesses.

Mr Acting Speaker, thank you for giving me the opportunity but I commend the Treasurer, he stuck to the debt to GDP ratio at 35 per cent as per the *Fiscal Responsibilities Act*.

Mr Acting Speaker, I just want our good Treasurer to read page 76 of the of the public debt statements that he's got. It's not all these figures that he's dreaming about. Total public debt is estimated at K17.7 billion, just read the document, that's the figure that the Central Bank has given. Look at page 76, I am just giving you the direction so you can satisfy yourself.

And finally Mr Acting Speaker, you look at page 120, at the last line where it tells you how big our economy is. So we are not talking small numbers any more.

And these are the real figures, the Gross Domestic Product for PNG was actually K31 billion in 2012, in 2013 it was K34 billion, in 2014 it was K43 billion.

Mr Don Polye – Point of Order! I was asking for extension of time to speak a little bit more on that so that the Prime Minister could answer but he did not. And I sat down after my time was up, why is he taking too long?

Mr ACTING SPEAKER – Prime Minister, wind it up.

Mr PETER O’NEILL – Thank you Mr Acting Speaker, I am just concluding now. I just want to tell him that in 2017 our economy will have a Gross Domestic Product of K60 billion, and that has virtually double since 2012. That is something you can be proud of. These figures are not lying, these are independent figures.

So I think that my good learned friend the Opposition Leader should stop talking your country down, let’s work together for the good of your country.

Thank you.

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

APPROPRIATION (NATIONAL PARLIAMENT 2016) BILL 2015

Second Reading

Bill by leave, read a second time.

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 – agreed to.

Bill read a third time.

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APPROPRIATION (JUDICIARY SERVICES 2016) BILL 2015

Second Reading

Bill, by leave, read a second time.

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 – agreed to.

Bill read a third time.

APPROPRIATION (GENERAL PUBLIC SERVICE EXPENDITURE 2016) BILL 2015

Second Reading

Bill, by leave, read a second time.

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 – agreed to.
Bill read a third time.

SUPPLEMENTARY (APPROPRIATION REDUCTION) BILL 2015

Second Reading

Bill, by leave, read a second time.

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 – agreed to.

Bill read a third time.

INCOME TAX (2016 BUDGET) (AMENDMENT) BILL 2015

First Reading

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

Second Reading

Leave granted to move the third reading forthwith.

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

That the Bill be now read a second time.

Mr Acting Speaker, this Bill proposes amendments to rectify drafting errors, grammatical errors and outdated or repealed references for ease administration. The amendments will have no tax policy or revenue implications.

Mr Acting Speaker, I commend the Bill to Parliament.

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

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

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith.

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 – agreed to.

Bill read a third time.

INCOME TAX (AMENDMENT) BILL 2015

First Reading

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

Second Reading

Leave granted to move the third reading forthwith.

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

That the Bill be now read a second time.

Mr Acting Speaker, this Bill proposes an amendment to repeal outdated secrecy reference in the *Income Tax Act 1959*. The proposed amendment will clarify law for ease of administration and will have no tax policy for revenue implications. The amendment will not alter in any way the administration of the revenue laws by the Commissioner General and the Internal Revenue Commission.

Mr Acting Speaker, I commend the Bill to Parliament.

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

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

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith.

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 – agreed to.

Bill read a third time.

66/04

EXCISE TARIFF (AMENDMENT) BILL 2015

First Reading

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

Second Reading

Leave granted to move the second reading forthwith.

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

That the Bill be now read a second time.

Mr Acting Speaker, the Bill proposes that:

(1) To correct the incorrect Excise base rates for tobacco for 1 October 2014. This amendment uses the correct base rates for applying the five per cent biannually indexation approved in the 2015 Budget; and

(2) to introduce an amendment to rectify unintended swap in the tariff item code and description of tobacco products like *Pall Mall* and *Spear*.

Mr Acting Speaker, I commend the Bill to Parliament.

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

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

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith.

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 – agreed to.

Bill read a third time.

GOODS AND SERVICES TAX (AMENDMENT) BILL 2015

First Reading

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

Second Reading

Leave granted to move the third reading forthwith.

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

That the Bill be now read a second time.

Mr Acting Speaker, the Bill proposes an amendment to remove unnecessary duplication on the payment and distribution of goods and services tax under the *Goods and Services Tax Act*. This will reflect the current arrangement under the *Inter-Governmental Relations Functions and Funding Act 2009*. The proposed amendment will not have any tax policy or revenue implications nor does it alter the administration of the goods and services tax revenue payment and distribution process.

Mr Acting Speaker, I commend the Bill to Parliament.

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

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

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith.

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 – agreed to.

Bill read a third time.

67/04

CUSTOMS TARIFF (AMENDMENT) BILL 2015

First Reading

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

Second Reading

Leave granted to move the second reading forthwith.

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

That the Bill be now read a second time.

Mr Acting Speaker, this Bill proposes to introduce a consequential amendment to rectify unintended swap in the tariff item code and description of tobacco products like *Pall Mall* and *Spear*. The Bill further repeals the two tariff items that were introduced or misclassified cigarettes in the 2015 Budget. This consequential amendment will ensure consistency in the description contained in both *Excise Tariff Act 1956* and *Customs Tariff Act 1990* for ease of administration.

Mr Acting Speaker, I commend the Bill to Parliament.

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

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

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith.

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 – agreed to.

Bill read a third time.

DEFENCE FORCE RETIREMENT BENEFITS (AMENDMENT) BILL 2015

First Reading

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

Second Reading

Leave granted to move the third reading forthwith.

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

That the Bill be now read a second time.

Mr Acting Speaker, the Bill proposes:

(1) This amendment will create a separate accumulation account to be administered by the Defence Force Retirement Benefits Fund;

(2) All new contributors to the Defence Force Retirement Benefits Fund from the 1 January, 2016 will be admitted to the Accumulation Account. All existing members will be able

to elect to transfer their existing entitlements to the Accumulation Account by 1 July, 2016 or any later date published by the Minister in the National Gazette; and

(3)The amendment provides entitlements to invalidity and death benefits for the members of the Accumulation Account.

Mr Acting Speaker, I commend the Bill to Parliament.

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

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

Bill read a second time.

MESSAGE FROM THE GOVERNOR-GENERAL

A message from His Excellency, the Governor-General dated 3 November, 2015 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 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 – agreed to.

Bill read a third time.

68/04

MOTION BY LEAVE

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

Leave granted.

SUSPENSION OF STANDING ORDERS – REARRANGEMENT OF BUSINESS

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

That so much of the *Standing Orders* be suspended as would prevent Notice Nos. 267, 256, 281 and the *Mt Hagen City Authority Bill* announced earlier today being called on forthwith.

KOKOPO CITY AUTHORITY BILL 2015

First Reading

Bill presented by (**Mr Leo Dion**) and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr LEO DION (East New Britain – Deputy Prime Minister and Minister for Inter-Government Relations) – I move –

That the Bill be now read a second time.

Mr Acting Speaker, I am pleased to present the *Kokopo City Authority Bill* to Parliament.

Mr Acting Speaker, this is a very important Bill because Kokopo is strategically important and a growing city. Kokopo is said to become a major tourist hub for this country and the whole New Guinea Islands Region.

Mr Acting Speaker, this Bill will create a new Statutory Authority; the Kokopo City Authority and it will be responsible for municipal services in the greater Kokopo area. The Authority will not replace the existing Kokopo Vunamami Local-Level Government and it will continue to operate. It will be responsible for the overall coordination, planning and budgeting. They will continue to operate and impose taxes and can pass bylaws.

Mr Acting Speaker, what we are creating is a service entity. The Kokopo City Authority will be responsible for municipal services which include streets cleaning, lighting, garbage collection, parks repairs and areas.

69/04

Mr Acting Speaker, the Authority will also perform the functions and roles of the Authority. There will be a single Authority in Kokopo responsible for municipal services and other basic services.

Mr Acting Speaker, the Authority will be subject to Part 8 of the *Public Finance Management Act* and will receive grants from the National Government. The intention is to ensure that the new Authority is properly funded so that it can meet its service delivery obligation.

For far too long, the Vunamami Local-level Government has struggled to meet the costs of its service delivery functions and those days are gone. This Government is making a commitment to properly fund the Authority so that the streets will be clean and Kokopo will be the best place in.

Mr Acting Speaker, on this note, I commend the Bill to Parliament.

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

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

Bill read a second time.

MESSAGE FROM THE GOVERNOR-GENERAL

A message from His Excellency, the Governor-General dated 3 November, 2015 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 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 Proposed Bill requiring an absolute majority of 56 Members as required by the *Constitution*, the Acting Speaker ordered that the bells be rung.

70/04

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

AYES – 91

NOES – 0

Motion so agreed to.

Bill read a third.

71/04

**ORGANIC LAW ON THE INDEPENDENT COMMISSION
AGAINST CORRUPTION BILL 2015**

First Reading

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

Ordered – That the Bill now stands referred to the Permanent Parliamentary Committee on *Constitutional Laws and Act Subordinate Legislations*.

UNCONVENTIONAL HYDROCARBONS BILL 2015

First Reading

Bill presented by **Mr Nixon Duban**, and read a first time

Second Reading

Mr NIXON DUBAN (Madang open – Minister for Petroleum and Energy) – I move –
That the Bill be now read a second time.

Mr Acting Speaker, traditionally resource projects in Papua New Guinea either governed by the *Mining Act 1992* or the *Oil and Gas Act 1998*, the *Oil and Gas Act 1998* has successfully allowed for exploration and development of a large number of PNG petroleum projects over the past decade.

Mr Acting Speaker, as the result of the custody of conventional oil and gas resource discoveries, the world attention was focused on finding alternative sources of petroleum. In this case, unconventional sources of petroleum. In recent years, there has been large sums of money spent on exploration of shale gas and coal gas deposits worldwide. These two sources of gas are considered to be the way of the future.

Mr Acting Speaker, a review has been recently undertaken in PNG to determine the suitability of PNG for unconventional hydrocarbons both in terms of geology and the legal framework. It has become evident that there is no legal framework in PNG presently that allows for restoration for production of unconventional hydrocarbons. In fact, the definition of petroleum in the *Oil and Gas Act* specifically excludes productions of hydrocarbons from shale or coal. The definition is as follows, (a) petroleum means any naturally occurring hydrocarbons whether in a gas, liquid or solid state, (b) any naturally occurring mixture of hydrocarbons whether in a gas, liquid or solid state or any naturally occurring mixture of one or more hydrocarbons whether in gas, liquid or solid state and any other substance. It includes any process petroleum and any petroleum as defined by paragraph “a” or “b” or “c” that has been returned to natural reservoir but does not include coal, shale or any substance that may be extracted from coal, shale or other rock.

Mr Acting Speaker, in order to allow for restoration for one conventional hydrocarbon and development of unconventional hydrocarbon projects, a legislation was needed there hence the introduction of this bill. The *Unconventional Hydrocarbon Act* introduces a new system of hydrocarbon licenses and unconventional hydrocarbon prospecting license, unconventional hydrocarbon retention licenses and unconventional hydrocarbon development licenses. All these prospecting licenses, petroleum retention licenses, petroleum development licenses coexist with existing licenses. Meaning that the licenses issued under the conventional hydrocarbon can therefore be issued to the blocks that are inputted in a petroleum tenement.

72/04

Mr Acting Speaker, the *Unconventional Hydrocarbon Act* confirms rights on those licenses to explore for and develop unconventional hydrocarbon resources not withstanding that an area may already be covered by a PPL, PRL or PDL but it also contains provisions that ensure

there is no competition between the two different regimes for the same operations and to prevent conflict between petroleum resources and unconventional hydrocarbons operations.

Mr Acting Speaker, the holder of an unconventional hydrocarbons licence may only explore for or produce unconventional hydrocarbons, not conventional petroleum. If the holder of all those licences make a discovery of a conventional petroleum resources as a result of his unconventional hydrocarbon operations therefore resulting in a potential conflict with the owner of a PPL, PRL or PDL the director can give the resources to allow the conventional and unconventional hydrocarbon activities to be undertaken.

To avoid such a conflict, Mr Acting Speaker, the licences will be issued for an initial period of six years with an extension period overall for a further five years.

The unconventional retention licence will be issued for an initial term of five years also with an extension of a further five years.

The unconventional hydrocarbon development licence, Mr Acting Speaker, will also be issued for additional term of 25 years with an extension of a further 20 years.

Other matters relating to unconventional hydrocarbons are in line with the *Oil and Gas Act 1998*, declaration of locations, development forums, rights of landowners, surrender of licences, fee and levies, development levies, State participation and etcetera will follow the precedents set by the *Oil and Gas Act 1998*.

Mr Acting Speaker, in conclusion the development of an unconventional hydrocarbon industry in Papua New Guinea will have immense benefits to the people of Papua New Guinea. The recent study on failed gas operations reveal that potentially a huge quantum of unconventional hydrocarbon reserves are in Papua New Guinea. Its exploration and development will see a large scale financial benefits to the country while the highly capital intensive nature of the industry will bring immense employment opportunity and social benefits to Papua New Guineans right across the country in many previously untouched commercial activities.

It will also allow for the exploration of these resources along existing PDLs and PRL footprints in the country with the potential for increasing reserves and also enabling stranded fields to be easily commercialised

Mr Acting Speaker the Bill effectively doubles the exploration opportunities now available on land in Papua New Guinea with the potential to also double exploration and development activities in the industry.

I commend the Bill to Parliament.

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

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

Bill read a second time.

MESSAGE FROM THE GOVERNOR GENERAL

A message from His Excellency the Governor General dated 28 October, 2015 was announced recommending the expenditure of public monies of Papua New Guinea in accordance with *Section 210* of the *Constitution* of Papua New Guinea insofar as the Bill relates to and provides for such expenditure.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Nixon Duban**) proposed –

That the Bill be now read a third time.

73/04

Motion – Motion that the question be now put – agreed.

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

The vote requiring an absolute majority of 56 Members as required by the *Constitution*, Mr Acting Speaker, ordered that the Bells be rung.

74/04

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

AYES – 92

NOES -0

The proposed law passed with the concurrence of an absolute majority as required by the *Constitution*.

Bill read a third time.

**MOUNT HANGEN CITY AUTHORITY
(AMENDMENT) BILL 2015**

First Reading

Bill presented by **Mr Leo Dion** and read the first time.

Second Reading

Mr LEO DION (East New Britain – Deputy Prime Minister) – I move –

That the Bill be now read a second time.

Mr Acting Speaker, this is a very small amendment to the *Mt Hagen City Authority Act* and this is a small technical amendment to correct an over sight in the *Act*.

Mr Acting Speaker, at the moment the *Act* provides that a Member, who is a minister is not eligible to be a member of the Authority.

Mr Acting Speaker, many members are called upon to be Ministers, this should not prevent them for also chairing the city authority. The chairperson of the city authority is an important responsibility as one of the ways that members represent their electorate.

Mr Acting Speaker, Members who are Ministers are chairpersons of the district development authority, there is no reason why members who are ministers cannot also be chairperson of the city authority. Mr Acting Speaker, I commend this amendment to the Parliament.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Leo Dion**) agree to –

That the Bill be now read a third time.

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

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

Bill read a third time.

75/04

Mr JAMES MARAPE (Tari- Pori – Minister for Finance) – Mr Acting Speaker, before I ask leave of Parliament to move a motion.

Let me firstly say thank you to all Members of Parliament who have put in extra effort to sit in this long hours, it shows that this Parliament again constitute all hard working Members of Parliament. I also wish to thank Members of Opposition who continues to sit in with us and pass important laws. They are doing their jobs in providing constructive Opposition and at the same time they are helping us by passing laws that are essential for our country.

After I move for adjournment there is dinner prepared for everyone of us. For the Opposition Members, you know, we can play hard balls here but outside we can be friends so I invite everyone one of you to join me at the State Function room for dinner.

MOTION BY LEAVE

Mr JAMES MARAPE (Tari – 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 257 of Government Business being called on forthwith.

CONSTITUTIONAL (AMENDMENT) DUAL CITIZENSHIP LAW 2015

Second Reading

First required opportunity for debate and First Vote from 29 July 2015 (see page...)

Mr RIMBINK PATO (Wapenamanda – Minister for Foreign Affairs and Immigration) – In accordance with *Standing Order 222(8)*, I move the first required opportunity for debate.

Mr Speaker, the amendments that are now being proposed to the *Constitution* in relation to Dual Citizen are not substantial. The major amendments were made and passed by this Parliament in what was near an unanimous vote in 2013, so basically what has come about was that when the Cabinet made a decision to bring about this amendments to the *Constitution* to give you the Dual Citizenship, it was clear that the Draftsman had missed some of the essential features that were required to be amended to effect enabling Dual Citizenship Law.

76/04

So basically, what you have now is a wash-up such will enable previous amendments to function properly. In today's globalizing world and with our foreign policy to connect and to promote trade and investment. The amendments are essential to enable our people who would like to be citizens of Papua New Guinea to consider PNG as an investment destination, a home of sports stars and people like that to come and live. While everyone is connecting themselves why should we not. One of the key features of the present amendments is that even though the previous amendments approved by the Parliament and the Cabinet did agree to include naturalised citizens from holding certain offices that did not get through to the Parliament. As I have said the present amendments is a wash-up of what was already approved by Parliament. I commend the Bill to Parliament.

Sir Michael Somare – Point of Order! Mr Acting Speaker, it would be good if the Minister can explain because we have policies about bringing in people from overseas into our country.

We have missionaries who have been in the country for over 40 to 50 years in the country and we should give them citizenship. But we should be careful about this law so that we do not confuse the new ones coming here to do business. Those coming here would only discourage Papua New Guineans from doing business in our country.

We should be more careful about the new ones coming but, I also think that the older ones especially, the missionaries should be allowed citizenship. I think it is unfair for them to go back to their origins every time they have to review their work permits. They should be given a dual citizenship because they have contributed a lot to this country.

Citizenship is a big issue and we should not be giving it to just anyone. We must be very careful and be very selective of who we give citizenships to. If we are not careful we will be held accountable for our decisions by our people in the years to come. We must be careful because many people will view Papua New Guinea as an easy target to make money and in doing so will make our people become second class citizens in their own country. Therefore you must explain properly about these amendments before we pass them.

Mr RIMBINK PATO – As I have stated the main amendments to the *Constitution*, the Bill was passed previously by a near unanimous vote of this Parliament. However, the fact that there is this wash-up amendments does not necessarily mean that because Parliament has passed this amendments no one is going to automatically become a dual citizen of Papua New Guinea.

The *Constitution* and the *Migration Act* enables procedures and processes to which this issue which the honourable Governor for East Sepik has raised to be assessed carefully. There will still be functioning the usual Citizenship Advisory Committee who will look at the whole range of issues so there will be changes to the migration regulations, the *Migration Act* which will come fairly quickly and some of them have already been done.

I can assure the honourable Governor for East Sepik that there will be stringent processes and procedures and the amendments require even for the Minister for Foreign Affairs and Immigration to be far removed from the process of the issue of grant of citizenships so there is an independent bi-partisan committee which is set by amendment to the legislation so that those sensitive matters are addressed very carefully. I think we should not worry too much because all of these issues have been tendered because they were the subject of papers that went to the Cabinet when the issue of the wash-up of the first major amendments that were made. Those procedures will certainly have a part to take care of the interest of our citizens, our national enterprises and our people.

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

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

The Bill requiring an absolute majority as required by the Constitution, Mr Acting Speaker ordered that the bells be rung.

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

AYES – 90

NOES – 0

Motion so agreed to.

Ordered – That the second required opportunity for debate and second vote be adjourned for at least two months this day as required by the *Constitution*.

Mr JAMES MARAPE – Mr Acting Speaker, before I move for adjournment. Let me again thank everyone for being patient and giving up their time to be with us right through.

As I have said, dinner has been prepared on the other side at the State Function Room so, please join the Treasurer and the Prime Minister for dinner on the other side.

ADJOURNMENT

Mr JAMES MARAPE (Tari-Pori – Minister for Finance) – I move -

That the Parliament do now adjourn.

Parliament adjourned at 9.30 p.m..