

FOURTH DAY

Friday 12 August 2016

DRAFT HANSARD

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**PARLIAMENTARY DEBATES
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Corrections maybe marked on a photocopy of the Daily Draft Hansard and lodged at the Office of the Principal Parliamentary Reporter, A123 [next to the Security Control Room].

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

Amendments cannot be accepted over the phone.

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

A handwritten signature in black ink, appearing to be 'LEE SIROTE', with a large, stylized flourish on the right side.

LEE SIROTE
Acting Principal Parliamentary Reporter

FOURTH DAY

Friday 12 August 2016

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

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

Sitting suspended.

The Speaker (**Mr Theo Zurenuoc**) again took the Chair at 10.30 a.m., and invited the Member for Mendi, **Honourable De Kewanu** to say Prayers:

‘God of Abraham, Isaac and Jacob, Heavenly Father we come before your presence this morning Father we are not worthy to call your name this morning. Father we thank you for our Speaker, I commit him unto your hands this morning, our Prime Minister and the Cabinet Members and the Members of the Government and the back-benchers, the Opposition Leader and the Members of the Opposition and I also commit the 7.5 million people unto your hands this morning.

Praise the Lord, God you are mighty and holy and you reign forever on your throne, there is no other gods like you. Father you have created everything on heaven and earth and you spoke and all things appeared. The sea, plants, trees and animals but Father I thank you that you took the time to create with your own hands and you gave us the breathe of life and we became men. We are so special that you had to create us with your own hands not with spoken words therefore we are so special. We the 111 members representing the 7.5 million people.

Father, I pray for your wisdom, knowledge and understanding so that we can deliver the responsibility that we have been mandated to carry out for our people through this House. Father, I thank you that you have given us this life, it is a miracle to be alive and to see a new day dawn where we have come to discuss matters of importance regarding this country.

Father I pray for your special blessing and anointing during this session and the upcoming sessions throughout the rest of this year. Father this morning, we say thank you for all the many good things you have done, and may you take lead this morning as we discuss matters of importance and let your anointing and blessing remain as it always has been in this Parliament.

At this time, we thank you for all the good things you have done in our individual lives and as we discuss other matters, Lord we believe that you will provide guidance and understanding, Amen.’

MOTION BY LEAVE

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

Leave granted.

SUSPENSION OF STANDING ORDERS – REARRANGEMENT OF BUSINESS

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

That so much of the *Standing Orders* be suspended as would prevent Notice No. 239 of Government Business being called on forthwith.

02/04

KUMUL CONSOLIDATED HOLDINGS (AMENDMENT) BILL 2016

First Reading

Bill presented by **Mr William Duma** and presented a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

Mr WILLIAM DUMA (Hagen – Minister for Public Enterprises and State Investment) – I move –

That the Bill be now read a second time.

Thank you, Mr Speaker, I present to this Parliament a Bill to amend *Sections 11, 12 and 46(F)* of the *Kumul Consolidated Holdings Act 2002*, which deals with the procedure for appointments of Chairmen and directors of many of our State Owned Enterprises, and for the approval of annual plans for those companies.

Mr Speaker, the current provisions of the *Kumul Consolidated Holdings Act 2002*, provide that the procedure for appointment of directors of Kumul Consolidated Holdings and Majority State Owned Enterprises commences with the relevant board notifying the Minister responsible, and the National Executive Council (NEC) of vacancies.

Mr Speaker, the relevant board is also responsible for nominating suitable persons for appointments.

Mr Speaker, the process of appointments of directors of Kumul Consolidated Holdings and Majority State Owned Enterprises set out in *Sections 11(9), 11(12), 12(9) and 12(11)* is convoluted and appears to be similar to the processes of appointment of directors in public companies which have multiple shareholders.

Mr Speaker, the situation in Papua New Guinea is slightly different in that, there is only one shareholder for those companies, which is ultimately the State.

Mr Speaker, there are three practical difficulties in implementing the requirements of *Sections 11 and 12* of the *Kumul Consolidated Holdings Act 2002*.

Firstly, Mr Speaker, the State being the sole shareholder should not allow the Boards of Kumul Consolidated Holdings and Majority State Owned Enterprises to nominate themselves for reappointments or appointments either as directors or Chairmen. As in some cases, those nominated for reappointment may have proved to be incompetent or unsuitable whilst performing their duties as directors.

Secondly, Mr Speaker, *Sections 11 and 12* are silent on what happens when the terms of appointments of directors and Chairman come to an end. Most of the terms of appointments of directors and Chairmen have come to an end recently, and given the change of portfolio Ministers recently no appointments would be made now to meet before the terms expire.

Mr Speaker, thirdly, the power of the State as a shareholder to appoint directors and chairmen has been restricted to those only nominated by the relevant Boards and although *Sections 11(9)(c) and 12(9)(c)* of the *Act* give the National Executive Council (NEC) power to reject the nominees of the boards and request new or further nominees. This still restricts the power of National Executive Council (NEC) and makes it subject to the Boards.

Mr Speaker, the combined effect of *Sections 11 and 12* is that the incumbent directors can simply nominate themselves for appointment and restrict the National Executive Council (NEC) from removing and appointing directors.

Mr Speaker, the process is convoluted because *Sections 11 (12)(b) and 12(11)(b)* of the *Kumul Consolidated Holdings Act 2002*, provide relevantly that, and I quote, ‘the National

Executive Council shall select the Chairman from the Board Members so notified having regard to any recommendation of the Minister, and of the Board shall appoint that person as Chairman.’

Mr Speaker, the above sections have effect of providing for the unusual situation of requiring the National Executive Council (NEC), which is the supreme decision making arm of the executive government to simply select the Chairman while the Board appoints the Chairman.

The effect of this, Mr Speaker, is that, the National Executive Council (NEC) which should be the appointing authority is being reduced to a selection body while the Board becomes the appointing body. If the Board were to have the power to appoint the Chairman then the National Executive Council could not be the screening body.

Mr Speaker, the effect of the two sections relating to appointments, is that the Boards have been given the power to nominate themselves in the first instance and this does not take into account the difficulties that can arise when incompetent Chairmen and directors continue to be nominated by the incumbents themselves.

03/04

Mr Speaker, amendments therefore needs to be made so that the National Executive Council does not have to consult the Boards of Kumul Consolidated Holdings and Majority State Owned Enterprises provided a candidate for chairmanship or directorship meets the requirement in *Section 11(7)* and *12(7)* of the *Kumul Consolidated Holdings Act*.

Mr Speaker, the process allowed by the *Kumul Consolidated Act* currently places too much responsibility in the hands of the Boards of Kumul Consolidated Holdings and Majority State Owned Enterprises. The proposed amendments to the *Kumul Consolidated Holdings Act* make it clear that it is the role of the Minister to select suitably qualified persons for nomination and then nominate those persons to the NEC to be directors of Kumul Consolidated Holdings or Majority State Owned Enterprises.

The National Executive Council retains the sole right to appoint the persons nominated by the Minister as directors.

In the event that the National Executive Council does not approve a nominee, the National Executive Council has the right to request such additional names from the Minister as required to fill the appointments.

Mr Speaker, the requirement that the appointment process commences with the relevant board notifying the Minister and the National Executive Council of the vacancies creates an additional procedural step that is unnecessary, convoluted, confused and therefore must be removed.

Mr Speaker, the currently provisions of the *Kumul Consolidated Act* provide that the NEC may remove directors of Kumul Consolidated Holdings and Majority State Owned Enterprises subject to the limitation that NEC may remove no more than three directors of each relevant company in any 12 month period. This limitation on NECs authority is considered unnecessary, in the case of Kumul Consolidated Holdings and Majority State Owned Enterprises. The proposed amendments removes the limitation of three directors in any 12 months period and allows NEC to remove such number of directors as it determines.

Mr Speaker, on the expiration of the director's terms, there has been uncertainty amongst directors of Majority State Owned Enterprises as to whether their term as director automatically expires at the end of their appointed term. The *Companies Act 1997* and the constitutions of each of the Majority State Owned Enterprises do not provide sufficient certainty on this issue.

The proposed amendments to the *Kumul Consolidated Holdings Act* makes it clear that, when the term of a director's appointment ends, that director ceases to act and is no longer a director of the company subject to any further reappointment approved by the NEC.

Mr Speaker, in relation to the submissions of the annual plans, currently, the Kumul Consolidated Holdings Act requires all annual plans of Kumul Consolidated Holdings and Majority State Owned Enterprises to be submitted by the Minister directly to the NEC for review and approval. This requirement creates a substantial administrative burden on the NEC.

The proposed amendments to the *Kumul Consolidated Holdings Act* requires that Majority State Owned Enterprises submit annual plans first to Kumul Consolidated Holdings which, if satisfied with the annual plan, submits it to the Minister. The Minister in turn, if satisfied with the annual plan submits it to the NEC for approval. There is no change to the role of NEC as the final approver of annual plans, however, the revised procedure aims to reduce the administrative burden on the NEC by ensuring that Kumul Consolidated Holdings and the Minister are satisfied with Annual Plans by the time they are submitted to the NEC.

Mr Speaker, on the appointment of the public officers, the current legislation prevents officers and employees of the public service or a statutory authority or agency from serving

as directors of Kumul Consolidated Holdings or Majority State Owned Enterprises. It is considered that this restriction requires amendment as there are many director positions to be filled across Kumul Consolidated Holdings and the Majority State Owned Enterprises and the restriction prevents the appointment of many qualified and experienced persons who would be suitable candidates to fill director appointments at Kumul Consolidated Holdings and Majority State Owned Enterprises.

Mr Speaker, the proposed amendments to the Kumul Consolidated Holdings Act repeal the prohibition of appointment of officers and employees of the public service or a statutory authority or agency from serving as directors of Kumul Consolidated Holdings and Majority State Owned Enterprises.

Mr Speaker, with the proposed amendments, many of our competent and experienced public servants can now be appointed to the Boards of Kumul Consolidated Holdings and Majority State Owned Enterprises.

04/04

Mr Speaker, in relation to reducing periods of required experience, the current legislation provides for certain periods of experience required for appointment as either a director or chairman of Kumul Consolidated Holdings and Majority State Owned Enterprises.

There are many persons, particularly PNG citizens who would be suitable for appointment either as a director of Kumul Consolidated Holdings or Majority State Owned Enterprises but who would not meet the lengthy time periods of required experience. For this reason, these requirements should be retained but with a reduction in the number of relevant years of experience required.

Mr Speaker, the proposed amendments to the *Kumul Consolidated Holdings Act* reduces the time periods of experience required for appointment as directors and chairmen so that instead of 15 years for Kumul Consolidated Holdings Board and 10 years for Majority State Owned Enterprises, it will now 8 years and five years respectively.

This will ensure that our citizens who have the potential but do not necessarily possess very long years of experience can now be appointed and allowed to serve on the Boards of our State Owned companies.

Mr Speaker, I present the amendment Bill to the National Parliament.

Motion – That the question be put – agreed to.

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

Bill read a second time.

Third Reading

Bill, by leave, read a third time.

QUESTIONS

Regulating Laws: Death

Mr POWES PARKOP – Thank you, Mr Speaker, my question is directed to the Minister for Community Development, Honourable Delilah Gore.

I think her department is doing a fine job, they have enacted all sorts of laws to protect the interests of our people, people with disabilities, women and children all have laws protecting their rights. There are also laws for marriages, divorces and it is good that appropriate laws be enacted to protect our people.

But, Mr Speaker, one fact which they have overlooked and has resulted in problems for us and our people outside which in my view is that they overlooked death. All of us are going to die but we do not have plans for death. There are no laws regulating our death.

Right now people in our country are dying and giving us all sorts of problems. Here in Port Moresby I receive 10 requests from haus-krais every week. Our people are not being taught in healthy living. They are eating and drinking anything, including cigarettes. They are chewing betelnut and drinking alcohol and when they die they pass the burden to all of us. They also impose a burden on their relatives. We are being irresponsible.

05/04

So, it is about time we regulate this law to give back the responsibility to our people. My question is, does her department have plans to look into ways where we can assist our people with basic funeral expenses with compulsory insurance with it? Every Papua New

Guineans must have insurance to meet funeral expenses like coffin, freight cost, grave diggers also wanted payment, maybe also to buy pigs etcetera, my question is done but since nobody is asking so I just wanted to delay a bit here. Thank you Mr Speaker.

Ms DELILAH GORE – Thank you Mr Speaker, I want to thank the Governor of NCD for a very important question. Mr Speaker, I believe the haus krai requests and expenses are effecting most of us Leaders and I am sure we are meeting alot of expenses on haus krai and we will miss focus on real service delivery.

I am sure Mr Speaker, the Governor of NCD sees this matter faced by many Leaders and Members of Parliament. But really we do not have Laws that regulate how to look after haus krai.

Mr Speaker, we have insurances that covers only those who are in the work force, but we do not have insurance that covers citizens of this country and it is an important question that he raised. Yes, my Department is looking into passing some Bills and policies on how to look after disable people and many other people in the community. But the question is very valid and I will bring it before the officials of my Department and we will discuss further on that so I want to thank him for raising this issue. The Governor himself came up with a policy that he was trying to use in NCD and we will also look at what he did so that our people are being looked after through regulations where we can attend to such cases. We must do policies that can look after our people so we will discuss with our officials and probably bring this issue to Parliament later.

Natural Disaster – Torokina

Mr TIMOTHY MASIU- Thank you Mr Speaker for giving me this opportunity to ask my question. Before I asked, I would like to pay respect to the late Member who I took his place through the by-election for the huge effort and contributions he has done for the people of South Bougainville and the country PNG. I give him my biggest recognition for everything he has done. I also would like to thank the people of South Bougainville for giving me the mandate to represent them in this honourable House to address issues affecting the people of South Bougainville, Bougainville and PNG as a whole.

Mr Speaker, I have one question to ask the Minister for Inter-government relations but he is not present so I wish to ask our good Prime Minister to take note and if he wishes to answer, he may do so.

Since I took this mandate from the people, I have done a lot of work within the electorate before becoming the Member. During that time, I have seen so many things and I want to ask many questions on that but will reserve till later. I only want to ask for an urgent need for my people. It's about disaster taking place at Torokina.

06/04

On page 12 of yesterday's The National, the Director of National Emergency Services commented that the ABG does not have any money. There has been a natural disaster that took place about a month ago and its leading into the second month now. Mount Bakana which is one of the several active volcanoes in Bougainville erupted and has affected a lot of our people. Their water sources as well as food sources have been affected and therefore our people are suffering.

My officers on ground brought some food stuff to the people last night but I know that would not be enough and that they will need more assistance. This is why I am asking the Government through our good Prime Minister, the Treasurer and the Finance Minister with the Bougainville Affairs Minister can take note of these issues and provide some assistance.

If we do not contain these problems in Torokina then there would be a lot more other problems because Torokina is in a area that is disaster prone. Currently there is continuous rain storms that is affecting almost everything there including basic government services like health, education and others.

As the mandated leader of the people of South Bougainville, I would like to ask that can the Government please assist our people there with relief supplies in their time of need.

Mr PETER O'NEILL – I thank the Member for South Bougainville for his questions. Let me take this opportunity to congratulate him for his win. We look forward to working closely with him for the remainder of this term.

Mr Speaker, I will advise the National Disaster Office to immediately look into the assistance that they will give to people in Torokina. I will also use my own office with some little funds to immediately release some supplies to the displaced people in Torokina.

We need to continue to manage many disasters that we face in the country. I think it is important that after all this experiences of long droughts we had in this pass few years we provided sufficient funds for the disaster office to manage for its interventions.

Let me assure the good Member that I will get to the disaster office immediately after this meeting and give them the appropriate directions and organise some relief supplies for our people.

General Secretary Appointment: Oil Palm Industry

Mr SASINDRA MUTHUVEL – I wish to direct my questions to the Minister for Agriculture and Livestock. I would like to ask this question on behalf of all the oil palm growers in our four provinces.

Mr Speaker, is the Minister aware of the issue surrounding the appointment of the General Secretary in Oil Palm Industry Corporation (OPIC). OPIC is funded by all the oil palm growers and not by the Government. They deduct levies from oil palm per tonne of FFB which is about K4 or K6 per tonne. OPIC has been inactive for the last two years and if the Minister can intervene and bring much needed restructure and also to make a permanent appointment with regard to the General Secretary's position.

Wave-off Outstanding Land Rentals: Oil Palm

Mr Speaker, we concentrate too much on kaukau and coffee so why do we not give enough effort in supporting the oil palm industry which is bringing in approximately K1.6 billion GDP for the country?

Lastly, I would like to appeal to the Minister if he can assist in intervening to wave of the outstanding land rentals?

07/04

Mr Speaker, the biggest issue where the oil palm growers are now facing is the new rule of the company that they must meet the new RSPO standard which is similar to the ISO standard of the commodities and manufacturing industries. So to meet the RSPO standards all, the farmers must have titles and most of the farmers do not have the titles yet because of the land issues of outstanding non-rentals in consideration, just now the Prime Minister has mentioned of the prolonged drought where our country is facing especially for the oil palm growers in the four provinces.

So can the Minister bring in the submission to wave off the outstanding land rentals, it should not cost more than K6-K7 million to the Government but it should help the 30 000 growers of oil palm. Thank you, Mr Speaker.

Mr TOMMY TOMSCOLL – Thank you, Mr Speaker and the Governor of West New Britain. I want to recognise that you have come back and resumed your seat and I know that you will allow me to explain the issues surrounding OPIC and you will not intervene to stop me from explaining.

Mr Speaker, OPIC was set under the *OPIC Act* by Parliament. OPIC is not a Board that regulates the Oil Palm Industry but OPIC is an organisation for the farmers and the farmers fund it. Sometime back, the Oil Palm Companies were involved in funding the projects and activities for OPIC, that is why we are talking about the organisation for the farmers and I as the Minister have responsibility over the *Act*.

The Oil Palm Industry is a big organisation in the country but it does not have a Board. We proposed for a Board but the proposal is in the process and we have not received a reply.

First question is concerning the man who is the General Secretary of OPIC, Mr Leslie Wangen. I understand that Mr Leslie Wangen is facing some allegations of double dipping accommodation rentals. So, when these allegations were raised, some people who were interested in the position came and saw me and I told them that these were just allegations and I am not a policeman to charge or take appropriate action. I asked them to go and register their complaints with the police or National Fraud Squad. They went and registered these allegations and complains to the police and Mr Leslie was interviewed and was charged with three counts and all these three counts are related to his accommodation. The allegations were simple, it said that he was living in an institutional house where the institution was paying and at the same time he was receiving housing allowance in his salary so that was the issue that was raised.

After these allegations, the National Fraud Squad wrote to the Department of Personnel Management, the Minister and I, asking us to process the suspension immediately.

The letter to suspend Mr Leslie Wangen, came from MEAC which is the Ministerial Executive Appointments Committee to consider and during that time when the letter was delivered, it only had one nominee who was the accountant of OPIC, Mr Lawrence Yiurus. Considering the fact that there was only one nominee and he too had allegations against him,

08/04

I advised MEAC that it would be better if more names were put for nominations. Therefore, when MEAC submit their papers to NEC, NEC can then choose among a group of candidates rather than having NEC restricted to one nominee.

Mr Speaker, the person that was nominated first, Mr Lawrence Yiurus, I understand that the police has charged him with 67 counts of misappropriation yesterday afternoon.

I have spoken with the Minister for Public Service and he will bring back the paper to MEAC, to be looked at, at least three names. So, this is in regards to the first question.

Regarding the second question that the Governor raised is in relation to waving the rental leases for land where oil palm farmers are using to grow oil palm.

Mr Speaker, this issue must be discussed with the Minister for Lands. We are also trying to waver revenue for the government, so, the Ministers for Treasury and Finance must also agree with the Prime Minister.

Mr Speaker, with the assistance of the Minister for Higher Education, we were able to conclude and formulate a submission. This submission has two parts. The first part is in regards to the wavering of land rental which is in the vicinity of about K7 to K8 million. Also, contained in the submission is a development package and when the submission is put together, it increases to about K17 million.

Therefore, I went back and asked OPIC that it would be much better if they could separate these two issues. Therefore, the package for the development of West New Britain should be a submission on its own and the submission for the wavering of rental lease must also be a submission on its own.

Nevertheless, this issue is not isolated and local to West New Britain alone. The farmers in Oro too are facing the same issue. They also want the government to waver land rental leases, particularly because of this time that we are facing drought and problems with the downturn of production of the oil palm fruits as well.

Mr Speaker, I am happy to say that the NEC Paper is ready and had been delivered to my office this week. I will therefore, get this paper and consult with the Prime Minister and then process it through.

Mr PETER IPATAS – Thank you, Mr Speaker, my question is directed to the Minister for Health but since he has left, I would like the right to reserve my questions for later when he is available.

Future Ownership and Management: Panguna Mine

Dr ALLAN MARAT – Thank you, Mr Speaker.

Mr Speaker, my questions are directed to the Minister responsible for Bougainville Affairs and that the Minister for Mining to take note.

Mr Speaker, my questions relate to future ownership and management of the Panguna Mine. Members of this Parliament will know the massive contribution the mine made to Papua New Guinea's revenue over many years. Members of this Parliament will know the failure of Rio Tinto together with the National Government to manage the social and economic impact of the mine. This failure led to among other dire consequences, the reported deaths of some 30, 000 Bougainvilleans.

Many Bougainvilleans continue to mistrust the National Government of Papua New Guinea, and this is the reason why they now have autonomy, and why it is agreed that the people of Bougainville will vote in 2019 on whether Bougainville will become an independent State.

09/04

The Bougainville President, Dr Momis in a letter has warned the Prime Minister of the possible consequences of a deal that is perceived to favour the National Government, and I quote, "given the tortured history of the Panguna Mine, it would be completely unacceptable towards all Bougainvilleans, if the 53 per cent equity were to be transferred to the National Government". It would be political suicide for the ABG and potentially a source of conflict if the ABG were to agree to the National Government becoming the majority shareholder in BCL.

Mr Speaker, my questions are:

- (1) What are the National Government's motives?
- (2) Does the National Government intend to retain a majority share in the Panguna Mine?
- (3) How will the National Government handle its management of Panguna Mine if Bougainville choose to become independent?
- (4) What are the National Government's plan for handling possible dissent from landowners and other Bougainvilleans?

Mr JOE LERA – I thank the Member for Rabaul for his questions. This issue is very sensitive and currently we are holding discussions to find solutions.

Therefore, I will leave it to the Prime Minister to address this issue in a statement that he will be presenting to Parliament in the next coming week.

Recruitment Criteria: Defence Force

Mr AIDE GANASI – Thank you, Mr Speaker, for recognising the people of South-Fly.

My question is directed to the Minister for Defence but before I ask my question, I would like to commend him for the improvements of some of our army barracks. I had previously visited the Taurama and Murray Barracks when I was elected to Parliament. At that time, I saw a lot of pot holes in those barracks but today there are no more pot holes. Therefore, I commend the Minister for the good work he is doing so far.

I, for one, was in the military service for 22 years and the Defence Force is considered family to me. Nevertheless, my question is that, I would like to know what criteria is the Defence Force using to recruit new soldiers.

I have found out that, the Defence Force is only using our main centres for recruiting. It seems that the Defence Force does not care about other provinces and districts. You will see that recruitments are done from the town areas and not from the rural areas.

Now, let me tell you all, in the past years, the Papua New Guinea infantry soldier was the best jungle fighter. Now, that reputation is no longer heard of from the Pacific Infantry Regiment (PIR).

- (1) What criteria is the Defence using?
- (2) Why is recruitment not done in the provinces?

The Australians who did the recruitment in the colonial times went to places like Nomad, Balimo and Moed.

Mr Don Polye – True, true, tell him!

(Laughter in the Chamber)

Regional Balance: Defence Force

Mr AIDE GANASI – As for the commissioning of officer in the Defence Force, we must not allow one particular region to dominate it. We have to take stock of this issue, especially in the Officer Corp.

The Officer Corp must be fairly represented from all the provinces.

(3) What criteria is the Defence Force using to also commission officers?

10/04

Mr FABIAN POK – Thank you Member for South Fly for your questions. Our recruitment is done in four regions of Papua New Guinea.

I will inform the Commander and the recruitment team to go out to other centres to do recruitment. We go to Western Highlands, Eastern Highlands and Central most of the times. We have not gone to Jiwaka. We will try to improve recruitment by going to other provinces and areas as well.

In response to your second question on the regional balance, there is regional balance. If you look closely, you will see that the colonels are from different parts of Papua New Guinea. There is no Jiwaka colonel. One person from Highlands has been promoted. There are others from Manus, Popondetta and Central so there are people from Papua New Guinea who have the calibre to be made colonel.

Unlike in the past, colonels were chosen from one particular Province only. We now have a regional balance of officers. You can check this out with the recruitment training in Lae.

Unfortunately, Member for Bulolo did not attend the graduation and therefore, he is not aware. He was invited many time to attend but he failed to appear. If he did he would have known who is who and from which province.

Mr Speaker, we made sure the colonels are regionally balanced.

Discounts: Air Niugini/Link PNG

Mr BIRE KIMISOPA – I direct my question to the Minister for Public Enterprises and State Investment. Before I direct my question let me congratulate the Minister for his recent appointment and the immense effort he has put into the LNG project.

He was one of our Ministers who served in that portfolio for an extended period of time and at the same token let me also extend my sincere gratitude to Mr Authur Somare who is not in the Chamber.

There are number of people who have made enormous contributions but I think the Member for Hagen deserves special mention this morning.

Mr Speaker, my questions to the Minister relates to Air Niugini. Air Niugini runs a no frail discount flights from Port Moresby to Goroka which is call link PNG.

The airfare from Port Moresby to Goroka is K660.00 one way compared to Mt Hagen K653.90. So there is a difference of K10.10. For obvious reasons, Goroka is shorter than Mt Hagen so people flying out of Goroka are paying little bit more.

Mr Speaker, they are paying about extra thousand kina per day and eleven thousand per week. In a year people flying out of Goroka from Simbu are subsidising Air Niugini almost K588,000.

11/04

Mr Speaker, could the Minister kindly inform this House what's the rationale behind the pricing?

If this is an inferior segment of what Air Niugini is offering why is the people of Goroka and Eastern Highlands paying a little bit more for a shorter trip compared to our good friends in Mt Hagen flying direct to Port Moresby?

And if there is no rationale behind this, Mr Speaker, could the Minister kindly inform the people of Eastern Highlands whether our traveling public are entitled to a refund?

Mr WILLAIM DUMA – Thank you Mr Speaker. I wish to thank the Member for Goroka for his kind words. Coming from the Member for Goroka it means a lot.

Mr Speaker, the Member for Goroka has raised a very important question that has been raised on many occasions by other leaders as well as members of our traveling public.

The cost of travel for one on Air Niugini has always been very high. Historically the costs have always been high in this country and despite many attempts by governments to look at ways of reducing the costs of airfares for our people it has not been the case.

I must tell this House that when I was first appointed Minister by our Prime Minister one of the first meetings I had was with the management of Air Niugini and I asked them why the cost of traveling in Papua New Guinea is very high compared to those provided by airlines within the region.

And the first response from the management of Air Niugini was that it has to do with surcharges, airport charges, the cost of fuels and charges imposed by IRC for instance. So that was the reason they gave and I have directed Air Niugini as part of the plan for the annual operations to be approved by Cabinet to seriously look at ways of reducing the cost of

traveling for our people in this country. They are working on a strategy which I will be announced in the Parliament after Cabinet's approval.

In the case of Goroka, Mr Speaker, it's a very important. I am not in a position to give a straight answer as to why this is the case. It is a bit unusual so I would like to assure the member for Goroka and his people that I will take it upon the management and I will ask them to explain why this is the case, especially for Goroka.

Health Issue: Bulolo District

Mr SAM BASIL – Thank you, Mr Speaker, I am asking my question to the Minister for Health.

In the recent media releases I saw that the Health Secretary made a statement saying that the delivery of health services in the provinces is the responsibility of the provincial governments.

I have been waiting for that statement for a very long time and I thank the Health Secretary, he has done it so I will ask my questions to the Minister today.

Mr Speaker, in my findings, in my District we have problems with the appointment of a health board. We also have problems of charges imposed on patients.

Who regulates the fees?

How much are they?

On drug procurement. We want you to delegate it to the DDA so we can manage it because drugs are not reaching many areas.

And provincial governments are handling staff matters, your secretary has rightly stated that it is the responsibility of provincial governments, but our findings indicate that the provincial government has authorised some staff but they are not physically present at their workstations.

My question is that the free health service that the government is purporting to give to the provinces, in Morobe Province, I think the Governor can speak for himself. But there is no free health service in Morobe Province because all the health facilities are charging fees.

That is why I am asking the Minister; who is regulating it? If the Health Secretary rightly said that this responsibility is with the provincial government, how do we hold the provincial government officers in the health sector responsible?

Many a time they close the hospital saying it is not clean but who is responsible for that. We at the DDA board are confused because many times they claim that it is the

responsibility of other bodies such as DDA, provincial health or national health so the Minister must make this clear.

Is the free health service that the government has put into policy existing or not because in Morobe Province there is no free health services. All the health facilities are charging fees of K5.00, K2.00 and other for injections.

Mr Speaker, can the Health Minister clarify this situations.

12/04

Mr MICHEAL MALABAG – Thank you Mr Deputy Speaker, I would like to thank the Deputy Opposition Leader and also Member for Bulolo for raising that question.

Mr Speaker, the free health service has been in operations for the last four years, through this Government which is one of the policies in the Alotau accord. It's been working and functioning but in most areas in the country, some people don't go quickly and some of the Hospitals are charging fees they are not supposed to charge. But there are individual's board of Hospitals who go ahead without letting us department know that they are doing those things. And we are aware of that and the Department is taking steps to address this issues that has been raised. Not every hospitals but few hospitals and it is lot of responsibly decentralised to the provinces especially in Private Health Care and those responsible for hospitals too and now joint together under the provincial Health Authorities and all the responsible are with the Board. The Health Department is more likely a monitoring authority checking up all those things in procurements of medicines and few other things associated with that.

Mr Deputy Speaker, shortage of Drugs or procurements are majors ones that rest with the Health Department and lot of hospitals are doing their own procurement directly with their own suppliers that there are going about doing about with. Now there are funding issues involve. I must admitted that, but yes Ministers from Treasury, National Planning, Finance have assured me that those short falls that I have will be addressed and I am expecting them to come on board shortly to help me to address some of the related issues in Health. I'll be the last person in this House of Assembly to say that everything is perfect in Health. I will be the last person as the Minister, so we cannot deny that. I am sorry!

Mr Speaker, I will continue about that but in relations to that question again, this policy is in actions but of course not 100 per cent perfect in that matter.

Supplement Question

Non Payment: Health Workers

Mr WILLIAM SAMB – My Supplementary question is to the Health Minister again, I have in possession a request from Health workers in Tapini asking me to provide assistance because they have not been paid for the last three fortnights and the Church Medical Councillors advises that for the next three fortnight they will not be paid. We are doing the best we can with our limited funds to provide food supplies for our Health workers in the meantime.

My Questions are:

(1) Is the non-payment of their wages due to 50 million Budget cut for this year's budget for the Church Health Services?

(2) And is this non-payment one of cases for Goilala or for the rest of rural Health Centres run by Church Health services?

(3) Can the Minister advice this House, the people of Goilala, our Health workers and the country as a whole whether our Health Workers will be paid especially church run centres? Thank you.

Mr MICHEAL MALABAG – Mr Speaker, I thank the Member for Goilala for his Supplement Question.

13/04

I have been assured by the Treasure that K50 million ear-marked for church health services will be reinstated in the supplementary budget and will be given out to churches throughout the country but for the workers in Goilala if the Member can see me directly so I can address those issues.

The church health services in the country are the back bone in providing health services. That is why it is absolutely essential and I thank the Treasurer and the Government which I am part of in providing the necessary funds.

Possible Funding: New Enga Hospital

Mr PETER IPATAS – I also wish to direct my questions to the Minister for Health. In recent times there has been a lot of publicity by certain individuals on the new Enga hospital project. I just want the Minister to confirm certain issues.

Can the Minister confirm that each has a right to a provincial hospital and can he also confirm that Central and Enga have yet to have a provincial hospitals? Basically because on two occasions Enga provincial hospital for some reason has been mentioned by individuals who ought to appreciate the fact that health services need to be delivered to the people of Enga. This is a basic right and so I want the Minister to put it right that this is not politics but a basic right for the people of Enga. I want him to confirm whether it is a Government fund or a loan it does not matter but Enga needs to have a hospital.

Mr MICHAEL MALABAG – I thank the Governor for Enga for his questions. You are the governor who has fixed education in his province and it is good to hear you also concerned about health in your province because they go hand in hand. One has to be healthy in order to learn properly.

Mr Speaker, Governor as you are aware, a month ago we approved of a new hospital to be built in Enga province. The funding arrangements have to be sorted out and normal processes have to take place. I can be very specific here that we would do everything possible to ensure that your new hospital comes be which the Cabinet has already given approval.

With regard to Central province, it has also been approved and through our Governor for Central province we managed to find a land area already. We will go ahead to build a hospital for them because they rely on Port Moresby for health services. As a result we have too many patients being treated there. There will also be a new hospital built in Port Moresby.

I know you a very active Governor in your own right so your hospital will be built. Right now a lot of money is being spent on Gulf Hospital. If you have not been to Kerema then you need to because there are a lot of things happening there. It is the calibre of the people that we have on the board that are now making a lot of differences in this country today.

Supplementary Question

Funding: East Sepik Provincial Hospital

Sir MICHAEL SOMARE – My question is in relation to the new hospitals being built.

14/04

The Wewak Hospital was open on 2 February, 1962, which is a referral hospital for Manus and West Sepik provinces. How fast can you expedite funding for East Sepik Province instead of giving promises that does not eventuate?

Can we get some firm affirmation from you and the Prime Minister when we are going to get the East Sepik Provincial Hospital Funding?

Mr MICHAEL MALABAG – Thank you, Governor for East Sepik Province, I give great respect to you.

Mr Speaker, the matter is before Cabinet just to cut it short and hope to get it through next week, along with all associated problems with Boram Hospital are all addressed in the Cabinet submission which I expect to be approved so we can take appropriate actions. Those commitments made when we went to Yanggoru so all covered in there so the money will be given. So, let me reassure the Governor of East Sepik that his people will see the fruit and handy work of this Government.

GRIEVANCE DEBATE

Questions proposed –

That the grievances be noted.

Mr MARK MAIPAKAI (Kikori) – Thank you, Mr Speaker, I was actually trying to get your permission to express an issue raised by my Governor.

Mr SPEAKER – We are on Grievance Debate now, I have already called on the Member for Chuave.

Mr WERA MORI (Chuave) – Thank you, Mr Speaker for recognising the people of Chuave. I have a grievance and complaints, soon the elections are coming so I have to air them.

There are three main regions in the Highlands Region;

(1) Southern Highlanders which consist of Southern Highland Province and Hela Province,

(2) Western Highlanders consist of Western Highlands Province, Jiwaka Province and Enga Province and

(3) Eastern Highlanders consist of Eastern Highlands Province and Chimbu Province,

And many times when all these developments are happening in the Highlands regions especially in the Southern Highlands extractive industry and us the Eastern Highlanders especially Chimbu and Eastern Province we are spectators of all these big trucks that are travelling up and down the Highlands Highway, in terms of economic activities in our region there is not many industries, we rely heavily on Coffee but the roads are no good and we are struggling to compete with the rest of the country.

Mr Speaker, when we see that the government is putting huge sums of money in regions to start up new agro-industries, and I am talking about my place especially in Eastern Highlands and Chimbu, our biggest problems are the roads and the primary producers. Sometimes I ask myself, why the government can put big sums of money into developing other regions, why is it not putting money at least K4 million or K5 million so that we can revive many of the Coffee Plantations in the Eastern Highlands linking up Karamui, because Karamui is a very fertile area in this country and we can also grow cocoa. Cocoa is one of the best in the country.

15/04

I hope that there are some intervention that at least a major loan can be taken in order to revive cash crop especially in Eastern Highlands and Chimbu Provinces. Our roads have gone bad and there is a dire need to revive those plantations because that can help drive SMEs. Spin-off goes to it and it goes straight and impact the people who are in these two Provinces which amount to almost one million people.

And we must not forget that we have 16 electorates, 7 in Chimbu and 9 in Eastern Highlands that is about 8 per cent of total representation in this country so it must not be underestimated and there should be some serious thinking to bring this two provinces up.

While I am still on that topic, I think it is only fair that I say something about my electorate.

Over the years there has been a lot of talk on the line, there are some developers that I speak to and they have asked me, “Do you have the market?”, and as for someone coming from the industry, I know that they have asked a valid question because as an investor they want to know that there is a rate of return on the investment.

I would like to appeal to the government that there must be a form of policy intervention so that in future when projects like Frieda River, Yanderra, Waffi-Golpu, when they come on they must be contracted to buy or acquire lime we will produce from the Province so that over the entire life of the mine they can continuously use our lime so that it will provide a stable market otherwise we do not want to produce a lime that will stop buying.

Currently, we know that we are going through a period that Oil Prices are coming down simply because there is a stop buying or a backlog of Oil that is still to be sold and that is the reason.

So, I want to feel that when we are trying all these we have got to be fair to the regions. It is about time that we must be fair to Eastern Highlanders because we need some kind of homogeneous and this sort of intervention will stimulate us.

Mr Speaker, I have like 5 more minutes and I would also like to say something about the industry too.

I know that with the wisdom of the government to amend the Mining Act but one caution that we must mind our Mining Act that we do not go to the same situation like countries like Zambia, Zambia is a country in South Africa and they have the biggest copper deposits in the world. In 1970 they decided to nationalise the Copper industry in Zambia and for the next 20 years to 1990, the Copper industry in Zambia crumbled to rock bottom and they had to go back and look at the physical policy to basically attract those companies to come back so they did not go back to the same trend so they reversed that in 1995.

So as a precaution I would like to and I am pretty sure that the Prime Minister in his wisdom will be firstly, intervening in the industry for the leadership that he is providing to the industry like I am just bringing up these points to take note of.

The other thing is that it true we are price takers for the commodities in the extractive industry like oil, gas, gold and copper but why are we always relying on the same commodities, Mr Speaker, it is about time that the government must pin down on the

Department of Minerals, Policy and Geohazards and MRA to think outside of the box and basically explore and look for leases that can attract other potential mining companies to come in and hunt to explore or trace rare elements that are on much higher demand.

You know we are living in a world that depends on technology, the electronic industry has escalated and Mr Speaker, we must have leases, we have to get our government department to this especially Mineral, Policy & Geohazards and MRA so that they got to give specific licenses.

16/04

They use them in telephones and televisions and we have them in abundance in Papua New Guinea. We do not have to go far to look at these things. This are the sort of things that we have to be very innovative and some of the time blame ourselves because we are not thinking outside of the box. Our public servants are becoming lazy. My time is up so thank you very much.

Mr MARK MAIPAKAI (Kikori) – My grievance debate will emanate from a question raised by honourable Governor in respect to ownership of certain ships that I have acquired on behalf of my District through both my national and my DSIP fund. Waigani is a big jungle. If you do not know how to go about Waigani and Vulupindi you will go around in circles until you get voted out.

I got here with the people's mandate to make a difference as a politician and that is why I survived my three terms. If my good Governor has missed out then he will only have himself to be blamed for not acquiring ships for the people. For the record, the Kikori Open Electorate owns six ships. I try to give prominence by naming my ships under my district towns that I have. MV Kikori was funded by the MOA Funds and it is owned by the Kikori pipeline corridor because by law MOA can only be spent within the five to ten kilometres ranges of the pipeline. We have a corporate company and it is owned by the people because funding came from their sources.

There is a ship that I acquired through the transport sector and is named MV Baimuru. This ship has not sailed ever since we bought it because the dealer abandoned it at the front of the steamship yard and we had to bail it out with a penalty of K500 thousand for the wharfage. The dealer bought the ship at the cost of K7 million through the national tender and got K2 million variation. K1 million was for training but to date the ship has not sailed.

All ships are parked in my private yard on portion 2694 next to AES because as confirmed Gulf province does not have jetties. These are funds under Members arrangement and there is no safe keeping at home.

They are not little things like a car I can drive it in the bush and hide it with a canvas where nobody can see. They are public property and for convenience of safety I have parked them there. If you went and parked one of those ships in one of these private dock yards the cost of berthing is about an average of K1 000 per day. I have housed or looked after those ships at my private property at no cost to the government of Kikori.

Through the national transport sectoral funds there was another ship purchased. MV Ihu Express is a ferry boat that supposed to carry 150 passengers. Today the dealer has not delivered the ship. Again K2 million was granted to the national tender board for variations. K1 million was delivered to transport for training of my crews. Why I have to express this is because I am a victim of the national system.

ORD in consultation with transport through the normal tender board facilitated those deals. I am a third party who is an end receiver. This ship is yet to be delivered to me but is now the subject of a court issue. When I went to the 2012 National Elections, people embraced me and carried me because I had all my posters and bill boards with all these ships on them when I was campaigning.

17/04

The people said Maipakai will change our lives. We will travel in style to Port Moresby. So that was the perception.

I am still waiting. It is the responsibility of the Government because I am just a receiver. So I am waiting for the ships to be delivered to me and my people. I am waiting patiently but I cannot tolerate this anymore.

I am a maritime province and I am not living by road and that is the basis for acquiring the ships through the government system. I have two little ships, they are fishing boats. But again because of funding I could not afford a brand new one so I purchased a second hand and I am still working on them.

If my brother Governor has time which he does not have, he would not have asked the issue of the logging operation.

The issue of logging in the province, well that logging company has been there since 1992. He is the Governor but how comes he is not travelling the length and breadth of Gulf. I

feel bad when he comes on this Floor to raise this issue. I feel this is an in-house issue and should be dealt with in his Chamber rather than bringing it here. Anyway, that is Gulf politics.

I want to place on Parliament record that these are not small assets, they are big. These are the things that brought me back because I have delivered but it is up to the public. I will be calling a press conference and I intend to take the media there as well to see if these properties are well and safe but are incurring the government lots of money because they are parked in a private yard due to absence of jetties back at home. Maintenance repairs are still undergoing for the transports to the delivered to the province as well.

Mr Speaker, I commend the Prime Minister and the few of us who have made the policy on district authorities workable.

We must now talk about making the district authorities an autonomous government. That is the way the province should gain the status of autonomous provinces. As I speak, I know where my responsibility is. I am caught against building the Kikori District office against building a classroom in a village setting. Who's responsibility is that? Gulf funding is not an issue but it's our political leadership. We collect IDG in millions and SSG in millions because we own the two very important state assets, the gas and oil pipeline.

Our issue is to do with political in fights so if we really want to progress autonomous district authority is the way forward because we are not enjoying our financial support from the Governor.

I look like a beggar in this Parliament. The IDG funds and every other funds for Kikori Open does not come through me because the Governor is the custodian and sign on behalf of the districts.

The law says that funds must be expended in consultation with the Members but it does not happen that way. Whatever is roll-out for Kikori I have my own district to roll-out that fund. I am subject to the Ombudsman Commission in the event that I abuse it. I am a public figure and you can refer me to the CID if I abuse.

The financial distribution is not reaching the districts. The Open Members sitting here today will face the same problem if you have an issue with your Governors.

I do not receive IDG and SSG where Kikori is supposed to receive. I am not a shareholder of PSIP that my Governor receives. I purely survive because of my little DSIP fund and my innovative and creative approach.

18/04

These are real problems and Prime Minister should take note of. I want autonomous in all funding. If there are agreements in place, amend that agreements.

Mr JOE SUNGI (Nuku) - I will be sharing basically what is good for the spirit of this country. Many times we attack each other but as one people of one country, where we say the pledge almost every day but when we go out, we don't live by that. So it's about time we as leaders demonstrate, give credit where it's due to those that have contributed to the nation building right down to our villages where our people are at and try to speak positive upon our atmosphere in our country. The more negative we speak, we don't bring anything good to build the foundation that our fore-fathers, grandparents, fathers and mothers have laid.

The former Government and members have done their part, our leaders from the churches and all sectors of the community have done their part so we should appreciate them.

Mr Deputy Speaker, I want to raise this because a lot of us always ignore the good things the people do and are very fast to condemn. Look at many things that have happened, and now into the last few months before we go for elections, I'd like to stand here a proud member of parliament and Papua New Guinean to say that we did it in three to four year by achieving a lot. In Bible we know about the 10 people who only one came back to say thank you while the nine left for good. So let's be like that one who came back and say thank you.

I came out of Passam National High School where the school motto in the local dialogue states; "munye yagende mini yagende" which means you respect me, I respect you. Deputy Opposition leader, Minister for Environment and those of us who have been to Passam National High School we know the motto very well. It simply says, you respect me, I respect you. Fortunately, not surprisingly I got the best award in 1983 for the best citizen of the school. Not because I want to show pride but to show that respect is one thing we all citizens must embrace in our duties in our office and where ever we are so that we can become examples to our children so that they learn the respect from their parents, the teachers and all that are coming after us. So I want to share in this grievance debate that we can look at today such as our current Prime Minister now. When I contested for election in 2012, I told the people that I will operate on two things. If I don't deliver on the things that I have promised on my election poster, I will not contest in the next election.

19/04

Because I think I have other things to do and better place to contribute in my country? But I thank this Government under the leadership of the Prime Minister, our Prime Minister is surrounded by the key Ministers that gives advice. But we all know that the Prime Minister is the CEO, he says and gives the final answers. I just thought about two specific things that I was campaigning about during elections and that is, to put village court officers and the ward members on the pay roll. When I was campaigning, I still have doubts, it came through where Attorney General put the submissions and the village court are now on the pay roll. Whether they are not paid now, they will still be paid by the National Government and the Government will still pay them including the Ward Members.

As a former Provincial Administrator, I was struggling to pay this leaders out there and so, when I came in Parliament and when the submissions went through and was approved by the NEC, we know that the CEO is the Prime Minister, the chairman of NEC said yes! If he didn't say yes, the ward members wouldn't be paid and when I go back to the elections what will I tell them?

So many of us talked about how to get things for ourselves and we not see the bigger picture. You look at Port Moresby now, it is in full reform, when we go on our vehicles and look at the Hubert Murray Highway, 6 mile, 5 mile in the past, they were in a big problem and this transformation and the Fly Over we criticised, all the sport Stadiums that everyone is enjoying.

So I would like to say that Port Moresby is not only Papua New Guinea. But at the same time on the other side as I pointed out. It is Papua New Guinea, so I would like to talk on the positive things that we can sort ourselves in the spirit of unity. And on the same token we can see most of the things that are coming up and we can see that some of the laws are not good, but good things will come.

In our customs, if we go to another person's house and if they give you something like pig, or any other food, you will remember it and pay back later. So that's our customs where we lived and survived and when we go into Christian ways, it's also the same. As the two customs are same so we need to be strong at this time. I would like to acknowledge that the *Cybercrime Act* has been passed yesterday so lets remove all these little opportunities to criticise one another.

Our children's right now, because they have the excess to the Facebook thing, they can pick up anything and they can call the Prime Minister names. For goodness sake this is

the Prime Minister of the Country, this is the Minister of the country, this is the Opposition leader of this country, and these are the members of Parliament, who are mandated by the people and how can you call them names?

So Mr Speaker, it's about time we speak positively and encourage one and other, so when our children see what we do they will follow us. When we fight at the Parliament they will see us fighting on TV and consider us as uneducated. UPNG is so many years old and we came out from that school and all other schools that we have, we can't go back. Sir Michael, Sir J, former Prime Minister Wingti, they have laid the foundations for us and we look back and appreciate them. So I would like to acknowledge that Papua New Guinea is one Country, forget about regionalism that divided us in different places as we stand for one nation. If one of us fall apart we have to stand and tell him to stand up and walk together, because there's no other country coming to build this country. We are the one going to build our country.

Mr Speaker, as I go to the election I stand proud to respect and I would like to commend the Prime Minister and his Cabinet and those hard working Cabinet Ministers and even all of us in Parliament including the Opposition Leader.

20/04

We must all stand and work together. Debates are good and healthy for us as leaders to give us encouragement and grows us. I want to say thank you that as part of this Government I have achieved a lot. Money is going to the districts and transformed my district and many other districts in the country. It is about time we give credit to this Government and the Prime Minister for making things happen.

When I was the provincial administrator, we bring our PIP submissions and sit with my Governor but he couldn't approve those submissions because if the secretary and minister were from another province then one would only be a foreigner.

However with this Government and this Prime Minister approved the idea of increasing the DSIP when that idea came around. It came about in the Somare Government which the current Prime Minister was part of and they worked together to achieve the best for our people.

On behalf of my people of Nuku which is a very remote area, I once again thank this Government and this Prime Minister and may God bless all of us.

Mr GARRY JUFFA (Northern) – My thoughts on the Grievance Debate are in relation to the public service machinery. I have spoken about this before but I wish to highlight some issues which are very relevant and pertinent and that concern each and every one of us and our country. I want to thank the Member for Nuku for his statements and his encouragement that we should all be positive and work together.

I want to say that let us not deny the critics and discourage them. Criticism is also good and necessary and that keeps us on our toes. Amongst all the criticism that comes to us you will find that some of them are quite constructive and positive. Certainly there will be criticisms that are negative and rhetorical in nature and it is up to us to deal with this type of criticisms.

In addition to what the Member has said, I want to add that we should encourage criticisms and dissent. Let us not be fearful of what our people want to say to us. They have elected us and we have a contract with them. They can hold us responsible if we fail them or if we don't deliver according to what they expect and deserve.

For instance, when we talk about development. We are encouraged by all the development that is taking place but let us not foolish to the extent where we allow development to cost more than it is actually worth. This has happened on a number of occasions and each and every one of us will agree to that.

We will agree that we have been surprised to find that a particular road that is supposed to cost K10 million has ended up costing K100 million, why? A building that is supposed to cost K5 million ends up costing K50 million, why is that so? We cannot all be positive and agree that it is a nice building but we must also take stock of the fact that it cost more than it is worth. Why did this happen under our watch?

Our people expect us to be their protectors and protect their funds, resources and their rights. We too must also be on guard against that. And the way to do that is to ensure that we have a functioning, effective and efficient public service machinery.

Our public service machinery has never been overhauled since 1975. It is an old machine. The tyres are flat and the engine has ceased. It is not moving in the right direction and it is not the fault of our public servants but a system that needs attention. That is the reason why I proposed the review of the public service machinery. I would like to thank the leader of Government Business and the Prime Minister for enthusiastically embracing that suggestion and creating the Special Parliamentary Committee on Public Service Review.

In this committee, we nominated honourable Bire Kimisopa who is a very learned person, very experienced with a significant knowledge in this particular area. He led the public service committee to conduct a review of the systems of public service machinery in Australia, New Zealand, Fiji and Samoa and put together a very comprehensive report with some radical suggestions and proposals on how we can overhaul the public service machinery.

21/04

So that it can be a functioning effective tool to deliver the goods and services that all of us want.

Sometimes we are so busy attacking each other in here that we do not realise the fundamental problem that is stirring at us in our face is this machinery which has never been overhauled since 1975.

Every economy overhauls their Public Service Machinery every two years. They do that to take note of what technological development improvements are taking place and react accordingly but we are still using a 1975 wheelbarrow that was given to us, while all the other countries are driving SUVs, we are pushing that rusty wheelbarrow and expecting to get somewhere.

How are we going to get somewhere when that wheelbarrow is not functioning, the tyres are flat and everything else is spoilt, the driver too is still sleeping so how will they go and deliver service to the people in the rural areas? That is the machine that will go and delivery goods and services to the rural areas and now that it is not functioning and we are arguing inside that machine that is not moving so we ourselves have to change this machine now.

The Report has come already so we must look at the Report, there are some suggestions in that report that some Members have seen and they disagreed and they do not want to go through it because it remove power and we will have no control but I must remind the House that it is just a proposal. We all have to work together to fix this machine so that it will move. And we have to look at our Public Servants, we are blaming all the time and yes, amongst these large group of Public Servants are Public Surplus and they are the ones that take advantage of this civil service and if we are not careful, this civil service is becoming an evil service and we are the ones letting it be that way, it is up to us, we are the legislators and we have the power to make those changes.

We must make those changes so let's look at this recommendations that have been made and you, don't have to except all of them, if you do not want the recommendations and you have valid reasons than let us talk and discuss. We are leaders, we are elected to lead, we are elected to make decisions so let us do that on behalf of our people.

And then when the machine is functioning and is efficient and people are placed there, appointed, promoted based on merit, not because they are relatives of mine but because he has a degree and he knows his job, regardless of which region or tribe he is from but he is a Papua New Guinean and if he has the means to perform and he has the education to deliver then let us put him there and support him, let us remunerate him accordingly, let us pay him for what he is worth.

A significant number of learned people are now working offshore, they have left this country in frustration because they can't work here because they are not paid accordingly, they are not given what they deserve so they have left and they are serving other economies and whose fault is it? Our fault because we keep paying them K12 a fortnight for housing allowance, waiting for a holistic approach that never arrives, expecting them to live in villages and settlements and come to work happily to develop and promote this country. How can that be when we do not take care of these people?

That is why they do not feel loyal to us and then when time to look for money we will say "where is these district administrator?, Where is the provincial administrator?, Why is he not replying my calls? And where is my cheque?", whose fault is it? This is just a scenario that I have brought in because I am frustrated and I am sure that many of you are as well.

Let me tell you that at the end of the day we are the ones who are going to be blamed and held accountable by our people, it happens every five years and our people are no longer being fascinated by lamb flaps and beer, no they will make their decisions in a learned fashion accordingly and they will hold us responsible.

So let us do that, Prime Minister that is a great idea, the government let us sit together, something that we can all do so that we can truly develop this Nation.

If we do not fix this machine we will be walking back and forth, swimming in quick sand and we will be moving nowhere, this machine will remain spoilt and the people in the rural area will be still crying for help.

While we will be saying holistic approach and take our time but no change will happen in our country.

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Foreigners will take over our economy and where will you be? You and your child might end up outside your own home where you will see them eat from your very table and eat your share of food because you have failed to fix up the machinery that will fix up your economy, and look after your people and your country.

I would also like us to consider a very derogatory discriminative system that we allow to continue in this country and it is called the due wage system. It is strange that we impose it upon ourselves. In which nation are people discriminated against themselves? Papua New Guinea is right up there, we decide that foreign employees whether they are pilots or doctors deserves to be paid more than our own people, why is that? That is something that needs review, our people are just as good as any citizens in this world. They are capable, they have the quality they have the merit, they are intelligent, they are productive. Let us recognise that, let us not discriminate against them, let us review that discriminative apartheid type neo-colonialistic policy that we ourselves embrace and seem to be promoting. As long as it stays here, we remain colonised, thank you.

Mr SASINDRAN MURTHUVEL (West New Britain) – Thankyou honourable Deputy Speaker, I wish to join my other colleague. Thankyou Honourable Deputy Speaker, in recent times there have been lot of criticisms against each other.

Mr Deputy Speaker, a country, civilisation can be destroyed by three things, by you destroying a family structure, you can destroy the country, by destroying the family structure by shaming the importance of mothers in that country, that country is bound to be destroyed, by destroying the education system of that country, you can also destroy that country.

How do we destroy the education? By not looking after the teachers, by not giving the due respect for the teaching community. Though we say in words that teaching is one of the noble jobs in the world, by destroying education, we can also destroy that country.

Thirdly, by lowering the role model of that country the role model can be a leader of a church, can be a leader of the Government, by continuously rubbishing a leader, to an extent where nobody want to follow him. By you destroying the leader of that country then you can also destroy that country. I feel that is what is exactly happening and sometimes it makes us to feel that we are invaded. Because our conscious, mother disappears and a dedicated teacher disappears and then you destroy the leader of that country then who is going to give moral

values or who is going to give teachings to our children, who do we follow? That has been a continuous trend that we are following.

Mr Deputy Speaker, we are continuously concentrating and supporting various building infrastructures, which is important but building infrastructures alone is not enough. It is important to build the moral; values of our people. The moral values are extremely important.

Mr Deputy Speaker, the Chinese build the Great Wall of China thinking that they can protect their country from the enemies but from the day they built the Great Wall, within the hundred years, they were invaded more than three times. Their enemy soldiers don't have to climb over the wall or break down the wall, they simply bribed the guards at the doors and they just came in. They build the Great Wall of China, but they failed to build the character of their people and that is what is extremely important and necessary.

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Some basic things like the Governor of NCD said about people not being hygienic, by not self-conscious, chewing buai and smoking. People are not looking after themselves and dying at a very young age. Those issues must be addressed and the only way we can address is through the education system.

As the Governor of Northern has alluded to, we must look after our public servants especially the teachers. The teaching position must be the highest paid position in the country if we want to seriously bring any change or development and that is the only master key which can unlock. The Governor for New Ireland province has always passionately talk about the headmaster being treated like a boss or king. He must be living in a house much better than a governor.

Mr Deputy Speaker, when it comes to West New Britain we are a province with some major tribes and we have a population of over 300 thousand people. Funding follows the number of districts and we still face the same issue of governance. You can govern the entire 300 thousand plus people with just two open electorates. I am thankful for the Government that by 2022 we should have those additional electorates so that we can effectively govern.

West New Britain is one of the economic power house for this Government. Even before the oil and gas started generating revenue, oil palm has since the 1970s generated revenue for the country. It has given billions of kina to the national purse but this is the time we reciprocate something back to the farmers because they have continuously contributed and sustained the economy of Papua New Guinea for the last 40 years by contributing over a

billion kina to our national economy. I appeal to the Government that we reciprocate back to the industry.

Mr Deputy Speaker, we have over 1250 kilometres of oil palm road. We can call these roads as provincial roads or how you want to call them sometimes the funding from major sponsors or donors will not qualify it as national road. This 1250 km road includes four oil palm provinces in which West New Britain has more than 750 km of road.

By simply restoring these roads to a useable condition, we can increase the production of oil palm by more than 10 per cent and that will substantially increase the revenue of the industry. Currently the company charge more than K65 per tonne for transportation to the factory. If the roads are in a good condition then the farmers can use their own transport to freight the oil palm and thereby saving their K65.

Mr Deputy Speaker, in terms of making some government initiative rather than giving money or talking about projects it would be better if the government can subsidise the cost for the farmers and various tools for supporting the farmers.

The company get a yield of more than 25 tonnes per hectare whereas the farmer gets less than 10 tonnes. This is due to the lack of cultivation practice, or fertilizer or pesticides and so on. Therefore if the government can intervene and subsidize those fertilizer cost where a farmer can afford to buy it then it would be very helpful to them. For example, if the fertilizer costs K100 and we can subsidize by 50 per cent then that will substantial increase the production so whereby we can directly put money into the package of all those farmers.

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That will substantiate and improve our economy. Let's concentrate on provinces which have a direct potential and West New Britain being one of the provinces just prove that agriculture is successful. So it is wise for us to concentrate and improve more on it in order that we can increase the revenue. The revenue increase will directly support the national economy.

I propose that instead of giving funds directly to provinces, we subsidise those fertilisers and all inputs which is required for various farmer. Mr Deputy Speaker, I believe that we can bring in changes.

Oil palm was introduced by the World Bank to support the national economy but right now the industry is facing problem and World Bank is now out. No one is supporting the

program so this is the right time where the government should reciprocate and give that much needed support back to our farmers and bring that economic development to our country.

Mr SAM BASIL (Bulolo – Deputy Opposition Leader) – I rise to debate on behalf of the rice eaters of Papua New Guinea our stable food.

Mr Deputy Speaker, I understand that a project agreement has been executed early this year between the Independent State of Papua New Guinea and Naima Agriculture Investment Limited for a rice project to be developed in the Central Province. We believe, this agreement was approved by the Cabinet.

Mr Deputy Speaker, this rice under the pretext of addressing food security does the exact opposite if this dubious project agreement is implemented. What Government has prepared is to put up the interest of a company without any established credentials before the welfare of the people that have elected its members into the political offices.

It is a sad day when the Cabinet and its Ministers are prepared to allow people they govern to pay for a few involved with this proposed rice project to gauge to feel their dream. This is unacceptable Mr Deputy Speaker.

The Naima Rice Project to be developed by the Naima Agriculture Investment Limited is a complete part and I would laugh if it were a sick joke but this comedy shows a Government out of tune with its people and driven by self-serving motives.

Mr Deputy Speaker, I have serious concern as to the ability of the project to achieve Government stated aim of rice production and food security. Reservedly the project may deliver a completely contrary outcome that is sought by the Government and reward riches on a few to be paid for by the people of Papua New Guinea.

Mr Deputy Speaker, the Government and Naima claim it a pioneer investor that will invest in a development and integrate rice project in the Central Province. I understand that the project will involve the cultivation, milling of rice, harvest and to produce refined rice to be sold in Papua New Guinea.

Mr Deputy Speaker, Naima will also construct own operate facilities such as Ware-Houses to distribute the rice produced in PNG. Naima will invest in the capacity to produce 200 million kilograms of rice each year and to increase that to 500 000 per tonnes per year.

Mr Deputy Speaker, I understand that if Naima is unable to product 200 000 – 500 000 tonnes in a year it may use rice imports to fill the short falls.

Mr Deputy Speaker, if the Cabinet is really rewarding efficiency and non-performance with such an escape clause this is a story of this Government's performance. It is prepared continuously to stumble along without measuring improvement in the outcomes.

I understand that the contract with Naima will be for 10 years but may be extended for successive straight-out period of 10 years without limit. There is no incentive whatsoever to actually produce rice and to improve food security. There is no in-built time bound performance as indicators as explicit conditions to be achieved. There is no protection given to the State of Papua New Guinea.

Mr Deputy Speaker, there are number of benefits and incentives granted to Naima Rice Project. Being a rural development incentive agricultural tax incentive, duty exemptions and other protection.

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These incentive effectively puts other industry players who have been part and partial of PNGs development for many years at a competitive disadvantage. It destroys and undervalues a considerable investment they have put into our country and our people. The incentive also grants Naima monopoly like status where it has the advantage of influencing the price of rice with price increases likely.

Mr Deputy Speaker, Naima will have the exclusive rights to the market, sell and distribute rice in PNG. Competition will be greatly reduced, how can this be good for our people, less variety, less choice, higher prices, what matters? Mr Deputy Speaker, the importation rights, the Prime Minister and his Cabinet members has granted to the company under our quotas scheme is in breach of the PNGs Agreement with the World Trade Organisation.

The consequences of this is that other members of the WTO may impose restrictions on PNGs export to their country. We may even offer, often European Union with PNG a favourable access to interpretive trading arrangements with it. Did the Prime Minister not travelled to Europe recently to secure greater economic cooperation?. Mr Deputy Speaker, but this agreement only serves to undo his efforts with an upsurge discriminatory rice agreement.

Mr Deputy Speaker, I understand that the physical incentives offered by the O'Neill-Dion government are generous and open-ended. There will be ten year income tax holiday for Naima despite the National Governments investment policy, noting that this incentive fails to

have any lasting economic impact. There will also be import duty exemption on goods and equipment used during the construction phase. I also understand, even after this, Naima can still ask the government for further investment support or protections.

Mr Deputy Speaker, I am not aware of anything that stops Naima from marketing, selling or distributing of rice in PNG so why is the project agreement so necessary to give them this right? Finally, why has Naima been granted this importation right under the quota scheme?

Mr Deputy Speaker, there are two broad set of issues that need to be understood by this honourable House and the members of this Parliament. What are the implications of the project, for one; price of rice, the market competition, food security and PNGs international obligation? Who are the losers and the winners from this deal and other potential distribution of project benefits equitable, to understand the implications of the project? It is important to focus on two key financial parameters that drive its profitability. Number one is the price of rice and number two is the market share of Naima.

I make clear Mr Deputy Speaker that the focus on financial parameters does not diminish the important other parameters such as the technical and the environmental considerations, for instance, has Naima undertaken studies to demonstrate that rice can be grown on an intensive and a large scale commercially?. Rice depend on water, is there sufficient water, is there sufficient water for this purposes and will it affect other agricultural needs of the people within the project footprint?

Mr Deputy Speaker, I understand that the price of domestically produce rice will be determined by ICCC. The methodology used by ICCC in setting prices is to allow a unit price that allows cost to be recovered and then on top of that allows a margin for a decent returns on the investment. The price of rice can be essentially be driven by the company with no incentives or assurances for the company to be efficient to keep its cost as low as possible, particularly if there are no competition.

Mr Deputy Speaker the movement which is the increase and the fort of the regulated price is compared to an overseas benchmark by ICCC to determine the price part if appropriate.

However, the fundamental issue in the initial price level which is set by Naima, this drive the price weight with the domestically domestic produce Naima rice and the international rice price. Consequences of this can be detrimental to the national interest I will outline shortly.

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Market Share of Naima. Mr Deputy Speaker, Naima is required under the Rice project agreement that the O'Neill Government has entered into to produce at least 200 hundred thousand tonnes of rices. If it is unable to produce the target volume of rice, the Government has allowed Naima to meet the domestic production target by importing rice. Under the Rice Project Agreement, I am led to believe that Naima is effectively granted to the exclusion of all others the right to import rice under a quota scheme approved by the O'Neill Government. This allows Naima to almost completely capture the market for rice as only a modest share of domestic demand is met through domestic production.

Mr Deputy Speaker, the immediately consequences of 100 per cents market shares is that the price of Rice is driven by the cost of domestics production of rice by this company. This is likely to be hire in International price of rice. This can result in condensable transfer of value to Naima Shares holders at the expense of our people.

Combined Consequences of the two financial parameters. Mr Speaker, the immediate consequence of a 100 per cent market share is that the price of rice is driven by the cost of domestic production of rice by Naima. This is likey to be higher than the international price of rice. This can result in a considerable transfer of value to Naima and its shareholders (a few) at the expense of our people (a nation of 5 million).

Mr DEPUTY SPEAKER – Honourable Deputy Leader of the Opposition, your time is up.

Mr SAM BASIL – Mr Deputy Speaker, I ask leave of the Parliament to incorporate the rest of my speech in the Hansard.

Leave granted.

The rest of the speech reads as follows:

Let me illustrate the immense potential value available for easy picking even through non-performance by Naima. In this hypothetical example, let's consider a scenario where Naima produces rice domestically for K5 per kilogram more than the international price. If Naima in a phased approach to a domestic production only produces 50 000 tonnes

in its first year, it doesn't have to worry because a pompous Government led by honourable Peter O'Neill has allowed Naima to import 150 000 tonnes exclusively as permitted by the Agreement to meet the domestic production target of 200 000 tonnes.

Mr Deputy Speaker, I know the Prime Minister O'Neill knows the value of this. The profit margin on the 150 000 tonnes will be K750 million. This is the product of 150 million kilograms multiplied by the example of a price margin of K5/kg.

Disgraceful Mr Deputy Speaker! Shockingly disgraceful! In this example K750 million will go straight into the pockets of Naima and this will come from the hard earned money of honest struggling Papua New Guineans.

- Who are the winners and losers for this deal? It is clear that the O'Neill Government does not care for our people and serve vested interest.

- Mr Deputy Speaker, it is entirely possible that consumers pay a higher prices for rice. Let me simply explain to this Parliament that food security not only involves physical availability but economic availability. Households may be unable to pay the increased cost of rice. If we cannot ensure that our people can afford to meet their nutrition requirements that a staple like rice helps support, how can the O'Neill Government advocate that this project aids the achievement of food security?

- Rice industry participants would also suffer from Naima's dominance. The losers include other rice growers, rice importers and other businesses involved in the value chain of rice industry.

- Mr Deputy Speaker, is the O'Neill Government really saying that a handful of investors behind Naima matter more than the 7 million people of Papua New Guinea? Shame! Shame! Mr Deputy Speaker, I say it again, shame on the O'Neill Government.

- I would laugh if this were a black comedy where the O'Neill Government allows the rich from the poor but this is sad and disgraceful regime that has been put in place. Mr Deputy Speaker, I am not laughing and neither should this Parliament. This agreement needs to be rescinded immediately.

Mr Deputy Speaker, I raise the following questions:

- Has a project agreement for a rice project in Central Province been executed this year by the Governor-General on behalf of the Independent State of Papua New Guinea and Naima Agriculture Investment Limited?

- Will the Government disclose the substantive points of the agreement and the incentives and rights that have been granted to Naima?

- Will the Government confirm that it has approved a quota system that will effectively grant Naima monopoly status for rice imports, rice marketing and rice distribution?
- Can the Government confirm that the agreement is constructed in such a way that Naima can avoid producing rice domestically and meet production targets instead by importing under this monopoly arrangement?
- Can the Government confirm that this arrangement will not lead to a price increase for rice, a staple food in our people's diet?
- Can the Government explain how an increase in the price of rice can possibly enhance the food security for our people when there is no foreseeable risks to international supply of rice or its international price?
- Can the Prime Minister and his Government confirm who the shareholders of Naima are and explain why they matter more than the people of Papua New Guinea?
- Can the Prime Minister or the Minister for Agriculture or the Minister for Commerce and Industry explain what experience the principals of Naima have in the rice industry apart from eating it?
- Will the Prime Minister explain why he is prepared to allow his Government to transfer significant value from the people of Papua New Guinea, with this value being potentially hundreds of millions of kina?
- Can the Government confirm that PNG's important trading partners who are also members of the WTO are unlikely to object to this breach of the WTO rules and are unlikely to take tit-for-tat measures that will harm PNG's export industry?
- Will the O'Neill Government move to rescind this harsh and draconian agreement and apologise to the people of Papua New Guinea?

Mr Deputy Speaker, I thank you for giving me the Floor.

Motion – That the grievance be noted – agreed to.

MOTION BY LEAVE

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

Leave granted.

**SUSPENSION OF STANDING ORDERS –
REARRANGEMENT OF BUSINESS**

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

That so much of the *Standing Orders* be suspended as would prevent the Leader of the Government Business from moving motions regarding the discharge and appointments of Chairmen of various Parliamentary Committees.

**PARLIAMENTARY REFERRAL COMMITTEE ON FINANCE –
APPOINTMENT OF CHAIRMAN**

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

That Mr Salio Waipo be appointed Chairman of the Parliamentary Referral Committee on Finance.

**PERMANENT PARLIAMENTARY COMMITTEE ON PUBLIC WORKS –
APPOINTMENT OF CHAIRMAN**

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

That Mr Gordon Wesley be appointed Chairman of the Permanent Parliamentary Committee on Public Works.

**SPECIAL PARLIAMENTARY COMMITTEE ON PUBLIC SECTOR REFORM
AND SERVICE DELIVERY – DISCHARGE AND
APPOINTMENT OF CHAIRMAN**

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

That Mr Bire Kimisopa be discharged as Chairman of the Special Parliamentary Committee on Public Sector Reform and Mr Elias Kapavore be appointed as Chairman.

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 1.20 p.m..