

**SEVENTH DAY**

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**Thursday 18 August 2016**

**DRAFT HANSARD**

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**PARLIAMENTARY DEBATES  
CORRECTIONS TO DAILY DRAFT HANSARD**

The Draft Hansard is uncorrected. It is also privileged. Members have one week from the date of issue of Draft Hansard in which to make corrections to their speeches. Until the expiration of this one week period, Draft Hansard must not be quoted as final and accurate report of the debates of the National Parliament.

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**

## SEVENTH DAY

**Thursday 18 August 2016**

The Deputy Speaker (**Mr Aide Ganasi**) took the Chair at 10.00 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 11.05a.m., and invited the Member for Sohe and Minister for Community Development, **Honourable Delilah Gore** to say Prayers:

‘Oh might God in heaven we want to give Glory and honour to your Name for who you are and what you are, Father God for many blessings that you give to us, thank you lord for choosing every one of us bind our heads in this chamber including our Prime Minister, our Speaker, our opposition Leader, and everyone that we now assemble before your throne, we ask you dear lord to be with us today and lead us in our discussions today that can make decisions and that decisions we make can bring blessing to our people, thank you God for wonderful blessing that you have given to us, and thank you god for your son Jesus that you send to die for us on the cross, and lord this morning we want to ...the pray that you taught us and we all join our voices. Amen’

## QUESTIONS

**Dr ALLAN MARAT** – I seek leave of the Chair to direct my questions to you, Thank you, Mr Speaker.

Supporting your work in facilitating debating in Parliament, yesterday debate in Parliament showed many strength on this side of the House and congratulate those who debated and I congratulate you in steering the debate. Mr Speaker, we in this Chamber are privileged to save and represent the people of who elected us.

Mr Speaker, who have the key role in enabling us to serve our people, for instant the requirement of a quorum, Mr Speaker, the first bell rings for certain time, when you come in, that’s no quorum you adjourn and there is time for the second Bell to ring, when you come in

and there's no quorum, I think the *Standing Orders* are clear that you adjourn Parliament to the next day etc.,

Mr Speaker, we need proper opportunity to discuss legalisations, that's the main issue, Members will remember the very quickly sessions or first reading, second reading third reading last of all, Fifteen years ago Members received copies of Bills, for enactment of at least a week before debate, now we received on our desks and the morning they are debated, we have no opportunity to research implications of the Bills and no time to read them.

Mr Speaker, my Questions Without Notice are; firstly do you agreed that enactment of legalisations is the key part of the work of Parliament?

Secondly, do you agreed the Members adequately debate legalisations must have time to review the Bills?

Thirdly, Mr Speaker, is the lack of time for Members to review bills before voting on them, in conspiracy by Government to prevent the adequate debate and review of bill before enactment?

Fourthly, Mr Speaker, will you make a commitment to circular bills to the Members at least a week before first reading to enable an informed debate?

Finally, Mr Speaker, will you support the Amendment to standing orders or legalisations to require prior circulations of Bills, because Mr Speaker, sometimes we find it difficult to compact the amendment, especially when Bills are amendment and *Acts* of Parliament are amended, we do not know what the original provision is saying, but the amendment Bills is saying section(2) for example; is amended by deleting this words and adding the word, sometimes we struggled to understand what the original legalisations is saying and what the amendment is trying to say.

Sorry Mr Speaker, those are my questions.

**Mr SPEAKER** – Thank you Member for Rabaul, I prefer to give a proper reply on those very important questions and do agree that this is very most important.

02/07

### **More Equity Benefits**

**Mr KERENGA KUA** – Yesterday the Prime Minister made some announcement about transferring additional equity in Bougainville Copper to the ABG and also in respect to Ok Tedi to the Western provincial government.

In relation to Bougainville, we know that equity in that mine was a contentious issue that led to a lot of bloodshed et cetera. The people who began that conflict were the local people of Panguna. Within the decision, was there additional provision made to ensure that part of the equity given to the ABG is actually allocated to the local people of Panguna so that they feel that their sacrifices and effort had been compensated and recognised by the national government?

Secondly and it applies to Bougainville, Ok Tedi and the Western provincial government and the impacted provinces of the PNG LNG project. All these additional equities given to them gives them additional advantages over the rest of Papua New Guinea and this is an issue I have always laboured with.

We know that the Government has two revenue streams. One is from equity revenue from share-holding in various businesses and the others from taxes. What was given away yesterday was in relation to equity which then places those provinces who are beneficiaries an advantage as against the other provinces.

**Mr David Arore** – Point of Order! Who is he directing his questions to?

**Mr KERENGA KUA** – Mr Speaker, I am directing my question to the honourable Prime Minister.

Would the Prime Minister, kindly consider investing some time in thinking about formulae on how the tax revenue to the Government arising out of those projects can be used to create a more balanced landscape? For example, those provinces that are going to be benefiting more from the equity should benefit less from the tax component which is distributed through this Parliament. At the end of the day whilst those provinces that benefit from equity do have some small advantage because they host the project so that margin should be diminished and so there will be fairer distribution of resources throughout the country.

Are we going to have the Government look at developing some formula on how the tax revenue component can be looked at more closely?

**Mr PETER O'NEILL** – I thank the Member for his questions. Let me correct a few issues that he raised yesterday and today with regard to the statement that I made to Parliament.

Mr Speaker, in respect to Panguna, decisions are not given to ABG. I think my statement clearly stated that it is going to the landowners and the people of Bougainville. I have deliberately done that so that ABG does not control 53 percent of the mine. I wanted a separate vehicle that the landowners can directly and meaningfully participate in BCL.

Mr Speaker, the second reason why the Government did that is because I understand from the mining laws of ABG and I need some clarity on this but it is my understanding that ABG only provides 5 percent of the interest that they present to the landowners.

**03/07**

I did not believe that it was sufficient enough to compensate some of the sufferings that the landowners and Bougainvilleans have gone through. That is why, Mr Speaker, it is a standalone vehicle for the Panguna landowners and also the other Bougainvilleans who suffered during the crisis and that their interest relates to some issues surrounding the mine.

Mr Speaker, the issue of the benefits coming to the rest of Papua New Guinea, when you see Ok Tedi, through our government owns 67 percent of the mine, 33 percent goes to the Provincial Government, the landowners and the affected communities and of course the non-CMCA communities.

The rest of Papua New Guinea through the shareholding through Kumuls Minerals only 67 percent which the divided will come through that company which will pay to the State and through the Budget we are distributing fairly to all districts and provinces throughout the country, that is insofar as equity is concerned, Mr Speaker.

Likewise the same thing is happening in the LNG Project, Mr Speaker, through Croton, we had 19 percent of the LNG Project that the State has had and under the UBS with the previous government, agreed that we will give 4.27 which reflects about 25 percent of our holdings so the rest of the 75 percent will be held by the State for the benefit of all Papua New Guineans.

So, still in those projects the Papua New Guinean Government has a meaningful shareholdings which the benefits will come through Kumul Petroleum and then come into the Budget which will then be used to distribute and fund all the programs that we have throughout the country.

Mr Speaker, in terms of free-carry and royalty, I have stated clearly yesterday that the new *Mining Act* will be presented to Parliament, we are now doing the last consultations with

all the stakeholders, once that comes in, there will be a review that the free-carry for the landowners and the provincial governments will be addressed.

So, Mr Speaker, we are trying to be as fair as possible, the rest of the country is not forgotten and we are making sure that we protect their interests, we have got every right to participate in many of these projects in our country.

And whatever we get through taxation and through the equity dividend that we get from the equity we hold in these projects comes through the budget and then we distribute it through DSIP, PSIP and all the other PIP Programs that we have for the country.

Thank you, Mr Speaker.

### **Supplementary Question**

#### **No compensation package**

**Mr MARK MAIPAKAI** – Mr Speaker, my questions are;

1. Will the Prime Minister agree that the Panguna Package is a circumstantial package with a special offer for compensation and if it is compensation for loss of life, out of the shareholdings that was given, what percentage composes for those of who have lost life?
2. What percent will the Mekamui pick up?
3. What percentage will the widows and every other person pick up?

Thank you, Mr Speaker.

**Mr PETER O'NEILL** – Thank you, Mr Speaker, Bougainville has been a sensitive issue for the country for many years. I think leaders need to be responsible when we are discussing issues of national interest and security for the Nation.

And, Mr Speaker, nowhere in my statement I said this was a compensation, I really don't know where the Member for Kikori, got this idea from and I don't think the government should be encouraged to pay compensation throughout the country.

Mr Speaker, the distribution for the Bougainvilleans will be done by themselves, they will be consulted of who gets what percentage of that 17.4 percent.

The government did not own that 17.4 percent it was gifted to us by Rio Tinto, it is a gift so we think that it is the right to do to give the people of Bougainville especially the landowners.

**04/07**

That is what we are doing, we are we are gifting something we did not own before. As a Government and as a State we still have some interest in Bougainville Copper Limited and that is, we have over 19.2 percent of the shareholding of Bougainville that is been held on behalf of the rest of the country. We will benefit to that in the years to come.

Mr Speaker, let me reiterate again, the opening of the mine or any other mining activity on Bougainville depends entirely at the wishes of the people of Bougainville. Our Government is not participating in any discussion whatsoever in so far as that program is concerned. It is entirely up to ABG and the people of Bougainville, thankyou Mr Speaker.

### **Sopas Staff Not on Payroll**

**Mr ROBERT GANIM** – Thankyou Mr Speaker, my question is supposed to be directed to the Minister for Health but since he is not available, I will direct my question to the Prime Minister.

Mr Speaker, before I speak, I should thank the Prime Minister and the Government for their continuous support to the province, particularly our gratitude for the establishment of the businesses that we are getting around Wabag.

My question is related to the Sopas School of Nursing, the institution was established three years ago, unfortunately Mr Speaker, it is sad to note that the lecturers and some of the ancillary staff of the institution are not on the payroll. The Governor and I have made several attempt to have them on the payroll but it is unfortunate that they have been facing this situation for two years now.

My question is, we would like to know when these lecturers and some ancillary staff will be put on payroll and how long will it take for them to be on the payroll?

**Mr PETER O'NEILL** – Thankyou Mr Speaker, and I thank the Member for Wabag for his question. Mr Speaker I am not aware of this particular circumstances of the School of nursing staff not getting paid. I will certainly get the Minister to speak to the department and make a formal statement specifically replying to that particular request that the Governor and the Member has made to the department as well.

### **Outstanding Salaries – Village Court Officials**

**Mr MEHRA MINI KIPEFA** – Thankyou Mr Speaker, I would like to ask this question to the Attorney General. Whilst we are here commune to discuss the national affairs of the



country, we also have some of our people back at home who tirelessly work day and night to keep peace and harmony back in the society and these are our village court officials.

I thank the Government for the initiative of having our village court officials on the payroll and there are still some outstanding cases of our village court officials still not paid. I would like to ask the Attorney General, is there any plan that we continue to assist our village court system in the villages while we are here discussing national affairs?

**05/07**

**Mr ANO PALA** – Thankyou Mr Speaker, let me thank the Member for Obura-Wonenara for the very general question.

Mr Speaker, the government has made some very important decisions to support the village court structures and the justice system within the districts. I will be making a statement shortly maybe next week on the establishment of the Community Justice Service Centre, which is aimed at promoting and strengthening the work of the village court systems, magistrates and the officials. And as the Member rightly pointed out, the government has made decisions to put everybody on the payroll including the ‘Peace Officers’, the court officials and the magistrates. And they are now being paid, and land mediators as well, are now being paid on a fortnightly basis.

Mr Speaker, the whole idea is to formalise the village court system which is providing a very important justice service in the districts. Therefore, the aim of this Community Justice Service Centre is to coordinate and monitor the activities of the delivery of the justice services in the districts.

In relation to your question whether some of these magistrates are going to be paid for what we owe them.

Mr Speaker, I do not have this information but if the Member has the information that we have not paid any of the magistrates and that the State owes them outstanding salaries. I think that it is the obligation of the State to come good and settle these outstanding salaries. So, I will refer this matter to my department and they will go through the system and procedures to identify which magistrates and officials have not been paid. Then the system will address those matters and in the meantime I will ask my department to write to you to advise you on the steps they will be taking to address those concerns.

Thank you.

## Supplementary Question

### Include Land Mediators on Payroll

**Mr KERENGA KUA** – The decision to put the payroll and the councillors and peace mediators on the payroll was a very decision that was welcomed throughout the country.

I think that it's the implementation that has fallen behind in the payment of wages. So, I think that this is a fact. My supplementary question is this, in the same category of people we have the land mediators. When arriving at that decision we overlooked the land mediator and in some districts we are putting them on the DSIP payroll but they do also – it is a position created under the *Land Mediation Act*. It is therefore, a statutory position similar to the councillors and magistrates, these are statutory offices.

Therefore, whilst everybody else have been paid the land mediators have not been paid, so could I kindly ask the Prime Minister and the Minister for Lands because the Lands Minister administers the *Land Act*, putting the land mediator on the payroll. So, that will finally complete that sector in terms of proper remuneration.

Thank you, Mr Speaker.

**Mr ANO PALA** – Mr Speaker, the land mediators also come under the Justice Department and although we have some problems, basically procedural and administrative problems addressing this issue. Nevertheless, the aim of the whole exercise is to formalise all the payments and formalise the whole system. This is so that the government is recognising the services of the people who are providing those justice services down there, especially the magistrates and in this case the land mediators.

We recognise that they are doing a very important job and we are trying to formalise them by way of putting them on the system. Most of them are outside the system and as you when they are outside the system. Members use their DSIP funds and the governors sees the other funds to look after them.

**06/07**

But we feel that these people are doing public work. They should not rely on other people to pay them, the system should look after them. The idea is to formalise it so that they are looked after by the system.

If the land mediators and have missed out or they have not being looked after, they system is now in place for them to be looked after. If you know of people who are not being paid please refer them to my department because it is not meant to be that way. They are like the Members of Parliament who are on the payroll and the system looks after them.

The land mediators and magistrates are doing our work. They are public officers and they should be on the system and the system should look after them.

Mr Speaker, if there are any problems, refer them to the Department. The Department will find ways of addressing this issue.

**Mr Kerenga Kua** – Point of Order! The question is not being answered. What is required is a Cabinet decision to put the land mediators on the payroll. Therefore, what we are asking for is whether the Attorney General can make a commitment to put a submission to the Cabinet to approve. But he is asking the question back to us when the responsibility is squarely on his feet.

Mr Speaker, the Minister needs to make a submission to the Cabinet to approve the proposal to put the land mediators on the government payroll as we did for the village court magistrates and counsellors.

Can he make that submission?

**Mr ANO PALA** – I understand that the Cabinet has approved. That submission went before the Cabinet and is approved but if the land mediators are not in the system, I assure them that we will put them on the system.

From my understanding, they are already on the system that is why I was referring that the system will look after them.

### **Manus Detention**

**Mr FRANCIS POTAPE** – I direct my question to the Minister for Foreign Affairs but since the Minister is not here, I ask the Prime Minister to take note and respond.

My question relates to the Manus detention centre that is lately being a world news. According to the world news, the Manus and Nauru detention centres are not good for the asylum seekers.

The Supreme Court has recently made a ruling that the retention centre be closed. According to ABC news, the Prime Minister of Papua New Guinea and the Foreign Affairs Minister met with the Prime Minister of Australia and said the centre be closed.

I believe many of those asylum seekers are professionals in their own countries. They may be left the country in search of jobs.

According to the news, they will be either resettled in Papua New Guinea or in sent back to their country of origin. We also know that many countries in the world are built by people like that. Countries such as Australia and America so these people are not that bad after all.

Mr Speaker, my questions are:

- (1) How people are willing to settle in this country?
- (2) Can our government assist them? For those professionals can they be given the opportunity to settle in our country?

Because we need good teachers and doctors. My District needs such people too. So sent them to some remote areas if they are willing to settle here.

As long as the Manus retention centre exist, we will be the subject of discussion. So if we are to close it down, then when will that happen? This is really an Australia issue.

**07/07**

Settle those people who want to settle here and send those who do not want to settle them. It is really an Australian issue that we took on board. So my question is, when will this detention be officially closed?

**Mr PETER O'NEILL** – Thank you Mr Speaker and I thank the Member for Komo-Magarima for his question.

Mr Speaker, the media has recently reported – I met with the Minister for Immigration Mr Peter Dutton yesterday on this particular matter and advised him that the Supreme Court decision is final.

We have no option but to shut down the centre. The Australian Government officials including our PNG Government officials must make arrangements for the movement of the Asylum Seeker or the Refugees who want to claim refugee status to be moved to a third country or back to their country of origin.

Mr Speaker, to implement this decision, there are few challenges. Our people have processed and determined, that about 900 people are in Manus. 600 of them are seen as genuine refugees coming from complete nations and wanting to seek better life elsewhere.

The balance of that is non-genuine refugee, some of which are economic migrants and need to be returned to their country of origin. Many of the people at the centre have lost their travel documents or identity documents.

They are not very cooperative for obvious reasons. They cannot tell you where they come from. They are all playing this game so our officials are finding it difficult to which country of origin they come from.

Mr Speaker, to return them to that country of origin for example Iran; if you are a Iranian who left the country and if it is against your own will, be you do not want to return back to Iran, they will not accept you.

Meaning that the person must be consented to return back to Iran. So those are the challenges encountered at the centre. It will take some time to establish several documents and given temporary travel documents so that they can move to a third country for resettlement.

Mr Speaker, despite what ABC and other media outlet continuing to display Papua New Guinea as the most dangerous country on earth. Recently ABC refused to apologise for the misreporting that they did, when they said four students died and this went global.

We are dealing with very deliberate misreporting taking place to share the bad light and image of our country. This is a challenge that we will continue to try and overcome.

Mr Speaker, recently there are four or five families moved from Nauru to PNG for medical treatment. I want to inform this honourable House that they refused to return to Nauru. They want to stay in PNG. If PNG was so bad they will get on the next plane and return to Nauru.

So this are the kinds of things we are handing on a daily basis. For the resettlement, many of them do not want to settle in PNG. We have trial it with 18 refugee and some of them are in Port Moresby and Lae trying to seek employment. Most of them do not have employment qualification or they cannot speak English.

As a result they cannot find jobs in PNG. They do not wish to resettle in PNG. We are working closely with the Australian Government and the officials to resettle them in the third country or return them to their country of origin.

### **Employed Foreigners in PNG**

**Mr GARRY JUFFA** – I direct my question to the Minister for Labour and Industrial Relations. There are serious of questions relating to foreigners employed in the country, and I believe he would be the most appropriate person to answer them.

Recently, my office conducted a brief review of some of the businesses and we found out that almost 90 per cent of the foreigners employed there do not speak English but they all have valid work permits.

**08/07**

We also found out from interviewing the locals that the required mandatory three-year training plans for companies who are employing expatriates were not being enforced and they agreed that none of them have received any skills transfer or training primarily because they could not understand the people they are working with who don't speak English.

This is common throughout the country, it is not unique to Oro Province and these are jobs that once upon a time were restricted to Papua New Guineans only. I am talking about welders, drivers, security guards and even labourers.

My questions are these;

(1) Does the Ministry have an enforcement with an investigation capacity, with and inspection capacity and with a prosecution capacity?

(2) If they are adequately funded, do they carry out regular inspections?

(3) Does the Ministry have offices in the provinces to be able to conduct their work?

(4) And if so, have they been carrying out those activities?

(5) Finally I would like to ask, isn't English a fundamental criteria for the work permit to be issued?

(6) And if a person cannot speak English then how is it that he came up with a work permit and remain in the country for 10-20 years, still cannot speak English and still be working here?

(7) At one time we had a list of employment or vocations which were reserved for Papua New Guineans only. Do we still have that list?

(8) Is it adequately enforced?

**Mr BENJAMIN POPONAWA** – Thank you, Mr Speaker and I thank the Governor for Oro for this series of questions. I think I've answered parts of these questions some time ago.

Mr Speaker, some time ago there was a big issue insofar as foreigners are in our country taking over the jobs that our citizens are able to do.

Since I moved into this position I have tried my very best to clean this department up and I've just been there for about a year and a half and there is a whole lot of issues that need

to be addressed and this is taking a while. But I must let you know that at least we are not turning a blind eye. I know it's a concern throughout the country that some of the jobs that Papua New Guineans are able to do are being taken over by the foreigners.

Coming back to your question about enforcement, we have an enforcement unit within my department. We also have that unit right throughout the country but the issue of capacity, as you rightly said, is a real issue.

We've got offices in the provinces but we need the assistance of good provincial governments such as yours and other government departments to cooperate with our department.

At least the job of enforcing is a multi-faceted task that all the government arms need to cooperate in and work through. Currently, as I speak, there is a multi-task team that is moving around at the moment inspecting various business.

And we have to realise that only work permits come under the department of Labour. But there are other instrumentalities like the Immigration Section that gives out business visa as well.

Those people are under business visas and some are here for short term tourists visas but they are not living up to their visa requirement because they are overstaying it. And enforcement is a real issue as the Governor rightly stated. We are strongly emphasising that and as I said there is a multi-agency team that has been set up a week ago.

**09/07**

Also the re-enforcement of that provincial innocently body that you said when you were at the Customers Commissions that has been reactivated again, but the issue I can see now and as I' am speaking is capacity and the cooperation that we need from all parties. But at the moment some of so call agencies are not cooperating with us well, and Labour cannot settle this issues overnight, we need the cooperation from everybody. But I think some of our bodies are going at the back supporting this sorts of people to come through, so we need all the government departments and all, so call Honourable leaders.

Mr Speaker, we need to weed out this, but labour in so far as enforcing the laws that we have tried our best and I have also said that some of this renewals are work permits I have gone through them and I have instructed by department secretaries, new work permitted that I have to see them before there are approved. So that is the sort of steps laws that I have lay down, at least I have try my best to clean this place. And the governor we won't let you down and the rest of the country, I am the Papua New Guinean and I' am not the foreigner, and I got

the interest of the people at heart, we trying to clean this place up and English that you have said, it's a must English is requirement for the work permit, but I don't know why these people are coming through without speaking English, some so called implementing agencies who probably might facilitating the paper work, maybe overriding this, but it is a CDS, I required the cooperation from everybody, so at least we can sort this activated. Please? Thank you Mr Speaker.

### **Supplementary Questions**

#### **Labour Office- Popondetta**

**Mr DAVID ARORE** –In light of the labour and Oro province, Minister I think it's almost 3 years now since the Labour Department in the Oro Province put up fence on certain land there and there's no building until now, so my questions is when will your department put up the Labour office in Popondetta. Thank you Mr Speaker.

**Mr BENJAMIN POPONAWA** –Thank you my good Member for Ijivitari,I myself have been to oro, visibly to see and launch the place, and also we have decentralised labour functions as must as possible to the provinces, and one of them that we have tried out is oro and again is the capacity, and funding and cannot put building structure on the land as been allocated to us, so my good member for ijivitari and the governor, please if you honourable Members can assist, we need to participate together to up structure the locations. Thank you.

**Mr Garry Juffa**-Point of Order! Sorry Mr Speaker, just very quick. One of my question was not answered, do we still have a list of reserved employment for Papua new Guineans in the country that jobs that now see taken over by lot of foreign as drivers, cleaners and so forth, do we have a reserve lists of vocations employment that is all. I assure you that we will assist in doing this stuff of assisting the Ministry in our province. Thank you very much.

**Mr BENJAMIN POPONAWA**- Thank you good governor, also for a good point again, that I have answered that questions last time, there was a simply questions like the lists of the labours like the engineers, plant operators, mechanics ,I think as like I said,



**10/07**

I am going through the renewals of the work permits I get and I am filtering a lot of this people that is coming through. There is a list that my department are going through. I am doing my best to enforce it and like I said I need the cooperation of the provinces and the districts. If you know any person out there you know that is not supposed to be on the job then make it your business and get me a list and give me the names and we see what we can do. Let's see what kind of permits they have and address it accordingly. There might be people who are foreigners in the country who are on business visa that I do not have any jurisdiction over. I am doing my best to support the country.

I would like to thank the Governor for Northern for giving his conscious in supporting us to at least enforce the labour laws in his province as well as putting up the infrastructure for the labour office in the province.

### **Supplementary Budget**

**Mr BIRE KIMISOPA** – My questions are directed to the Treasurer and the Ministers for National Planning and Finance to take note.

My question relates to the need for supplementary budget to be introduced as soon as possible. My questions are as follows:

When will a Supplementary Budget be introduced? I ask this because when you introduce a supplementary budget with the National Budget in November, The utility of a supplementary budget will be lost. You would also deny the important stake holders of this country such as businesses who are deeply engaged with Government one way or another they will be denied certainty in terms of services provided to the nation.

Mr Speaker, if we don't introduce a supplementary budget and you do bring it in November, essentially what you are doing by default you are abrogating the powers under the *Constitution* and also the powers of Parliament in terms of the appropriation. Once the appropriation has been set we all know that it is law. If you were to make the corrections in November than you would be in breach of the law.

Another frightening trend is that in the absence of a supplementary budget, you allow businesses to transact with the Government to the point where cheques are issued and it is disappointing and alarming. Just after 2015 Fiscal Year, approximately well over K400 million worth of cheques are still floating ear-marked for 2015 and eventually got paid in 2016. This is the kind of situation we have.

**Mr PATRICK PRUAITCH** – I thank the Member for Goroka for his question. I would like to assure the Member and the Parliament that the Government is in control. The Government is working through to ensure that appropriate strategies are put in place before the supplementary budget is introduced.

I would like to give an undertaking to the Member for Goroka and the Parliament that before Parliament rises from this session the Government is going to be announcing the corrective measures because the Government is realistically assessing and will be handing down the supplementary budget shortly.

**11/07**

### **ANSWER TO PREVIOUS QUESTIONS**

**Mr ANO PALA** – I just want to clarify the answer to the question that the Member for Sinasina-Yonggamugl raised, I thought that it is important that I clarify it.

The question was in relation to whether land mediators are on the payroll, I have just been advised by the Department that all the land mediators throughout the country are now on the payroll. As we speak there are 300 mediators on the payroll process is continuing to get them on the payroll. So for those of you who have the same complain about your land mediators the payroll process is taking place to include everyone. If you have a problem in your district, you should contact the Department to address those issues.

Thank you.

Sitting Suspended from 11. 55 a.m to 2p.m..

**12/07**

### **PNG MILLENIUM DEVELOPMENT GOALS SUMMARY REPORT 2015 – PAPER AND STATEMENT – PAPER NOTED**

**Mr CHARLES ABEL** (Alotau - Minister for National Planning and Monitoring) – I present the following paper pursuant to statute.

*Summary Report of PNG for the Millennium Development Goals 2015.*

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

Leave granted.

Thank you, Mr Speaker, as they circulate the Report, in our Governments effort to meet its obligations in terms of reporting, we continue that process again today. It gives me great pleasure to continue to report again on this very important information in regards to the United Nations Millennium Development Goals.

Mr Speaker, at the dawn of the millennium, the global community committed itself through the United Nations Millennium declaration of September 2000 to achieve and equitable happy and healthy world. Mr Speaker, the MDG prioritise, eighth goals, 21 targets and 60 indicators based on the most pressing development concerns of the previous decade. The MDG's form the platform and it targets the benchmarks for international developments as follows, Goal 1 is to eradicate extreme poverty and hunger, goal 2, achieve universal primary education, goal 3, promote gender equality and empowerment of women, goal 4, reduce child mortality, goal five, improve maternal health, goal six, combat HIV AIDS,, Malaria and other diseases, goal 7, to ensure environmental sustainability, goal 8, develop a global partnership for development.

Mr Speaker, PNG had a delayed start in adopting the MDG's and with the support of our development partners began the localisations process only in 2004, by translating the MDG agenda into 15 targets and 67 indicators. The process was further revised in 2010, and resulted in 23 targets and 91 indicators. They were aligned and implemented into the core planks of national strategies and frameworks such as the Vision 2050, the PNGDSP 2010 to 2030 , the National strategy for responsible sustainable development or STARS and then a series of Medium Term Development Plans being the 2005 to 2010, and then the 2011, and then the third one published by the O'Neill –Dion Government which is the 2016 to 2017 MTDP . It has a shortened time frame because we wanted the five year planning cycle to coincide with the five year political cycle.

Mr Speaker, the year 2015, marked the conclusion of the MDG's and we have since produced three progress reports including this current one. The summary of this report was delivered during the 70<sup>th</sup> session of the United Nations General Assembly in September 2015 by our Deputy Prime Minister, honourable Leo Dion. This report covers the period between 2010 to 2015, that is last five year period of the 15 year millennium development goal period.

Mr Speaker, being frank, overall PNG did not fulfil any of the MDG targets, however significant progress has been attained against most of the country's specific MDG specific targets and indicators. We believe, that many benefits of the current Government policies are yet to be fully reflected in the current indicators. As I was explaining yesterday, this relates to the ongoing challenge of producing timely and reliable data. The Department of national Planning and Monitoring is responsible for reporting against the MDG's and other indicators but relies heavily on data coming from different sources particularly other government agencies and there has not been enough emphasis on producing this information and that is why we have taken steps to improve this.

Mr Speaker, again the Government has taken number of reforms to improve the capacity and performance particular of the National Statistics Office with the assistance from the IMF and the Australian Bureau Statistics

**13/07**

Again, our government has taken a number of reforms to improve the capacity and performance, particularly of the National Statistics Office, with the assistance from the IMF and the Australian Bureau of Statistics, and the Civil and Identity Registry upgrade and capacity building through the NID Project.

Mr Speaker, the census, the Household Income and Expenditure Survey, the Consumer Price Index update and National Accounts Survey process for updating GDP, and as I have explained, have been updated. The demographic health survey is currently underway and will be concluded at the end of this year.

Mr Speaker, furthermore, the *Planning and Monitoring Responsibility Act*, which has been tabled and passed by this Parliament legislates a monitoring and evaluation framework against the Medium Term Development Plan indicators. It also places enforceable provisions on agency heads to provide the relevant data for their sectors or potentially face disciplinary action.

Mr Speaker, the data in this report against which the country's progress on the MDGs has been measured has come from a variety of sources including national reports, and assessments by development partners. Modest gains have been made under Goal 1; Eradicating Extreme Poverty and Hunger, and it is clear that the Human Development Index (HDI), which was discussed in parliament yesterday has risen by 16 percent from 0.423 in 2000 to 0.491 in 2013. As I mentioned yesterday the 2014 figures have come out and for the first time in history, Mr Speaker, our index rating has risen above 0.5 and was rated at 0.505.

Again, I expect as I explained yesterday, that, by the end of this year when the demographic health survey is completed. We will further update the GDP statistics and the information coming through are in terms of the work we are doing in the education sector which will reflect an even more significant gain in our rating, Mr speaker.

However, the country continues to struggle and to translate the benefits of economic growth into improvements in the living standards of all our citizens. The HIES, which is the Income and Expenditure Survey and the Poverty Profile Report are historical documents in terms of they have not been fully up to date but at least we are producing them now. This reflects that there has been an increase in the overall poverty level in the country between 1996 and 2009.

The Poverty Index Report says that an estimated 40 percent of the population can be classified as currently living below the poverty line or facing considerable hardships based on this time frame. This takes into account their own production of food and support they receive from their wantoks. Nevertheless, overall, the government estimates that PNG is likely to achieve its national target of a 10 percent reduction in people below the poverty line over the period of 2000 to 2015.

Mr Speaker, Papua New Guinea is proud of its progress in Goal 2, achieving Universal Primary Education. After abolishing fees in 2010 the government reported a primary school enrolment rate of 85.6 percent achieving national targets and higher completion rates. The government working to overcome challenges that contribute to ongoing low rates of youth literacy and low secondary schools retention rates, Mr Speaker.

Mr Speaker, Papua New Guinea has approached Goal 3, Promoting Gender Equality and Empowerment of Women; in a variety of ways, including prioritising gender parity in education, improving gender equity and social inclusion in the Public Service, and supporting women's economic livelihoods. The government recognises that gender based violence remains a key barrier to development and stability in the country and is proactively supporting initiatives to reduce violence against women through affirmative action in legislative and policy reform, as well as increasing budgetary support.

Mr Speaker, PNG is on target to achieve its modest national target on Goal 4; Reducing Child Mortality. The under-five mortality rate fell from 89.1 in 1990 to 61.4 per one thousand live births in 2013, and the infant mortality rate dropped from 82 per one thousand live births in 1990 to 43.3 in 2013.

Mr Speaker, Papua New Guinea has made progress on Goal 5; Improving Maternal Mortality. Surpassing its national target and reporting a significant drop in the maternal mortality rate from 470 per one hundred thousand live births in 1990 to 220 in 2013.

**14/07**

The Government is targeting improvements in a number of skilled birth attendants and antenatal care coverage in efforts to advance positive changes in the future.

Mr Speaker under Goal 6 –Combating HIV/AIDS, Malaria and other diseases- the country has made notable progress. HIV/AIDS prevalence level have remained below one percent for 10 years, with prevalence reduce from generalised epidemic in 2003 to more concentrated epidemic with 0.65 percent in 2014.

HIV/AIDS counselling, testing and antiretroviral treatments have been significantly scaled up in the past 15 years to almost 90 percent coverage. Significant gains have been made in Malaria with a 75 percent reduction and very likely to meet the MDG target. The expansion of the Directly Observed Short-Course for tuberculosis cases aided a drop in the TB prevalence rate from 715 per 1000 in 1990 to 437 in 2013.

However, drug resistant TB is increasing including HIV/AIDS co-infection. Life style diseases and injuries are also emerging as serious concerns for Papua New Guinea.

Mr Speaker, Papua New Guinea made slow but steady efforts to reduce carbon emission under Goal 7 – Ensuring Environment sustainability. The country has modestly increased its protective forest area since 2000. Where there has been increased land use and logging resulting in deforestation, there have been improvement also in technology and expertise for forestry audits and surveillance. PNG's forest cover is now confirmed at 80 percent. Water and sanitation remains an area requiring further attention with a high number of people without access to services as a result of population increases since 2000.

Mr Speaker, under Goal 8 – Building and maintaining a global partnership for development – PNG has improved relations with its main donors and development partners. The country now has a new Development Cooperation Policy in National Planning that focuses on improving the effectiveness of aid and other forms of assistance. The Government has prioritised development public/private partnership as means of harnessing private sector capacity. The Government acknowledges that greater enforcement of the country's regulatory regime is also required.

PNG's overall progress against the Millennium Development Goals (MDG) has been challenging but the gains made represent a clear commitment to improving the lives of all

Papua New Guineans. This report shows that there is a firm basis on which to pursue the Government's national development agenda and achieve the country's aspirations for its citizens through the adaptation and implementation of the United Nation's Sustainable Development Goals (SDG).

Mr Speaker, of the key outcomes of the key Development Partners Forum in November last year was to reconvene the MDG National Steering Committee and its Technical Working Group and national oversight forum to lead the process of SDG adaptation in PNG. As Minister responsible, I hereby formally endorse the SDG National Steering Committee and its Technical Working Group to convene and get to work immediately.

Mr Speaker, I take this opportunity to thank the MDG National Steering Committee and its Technical Working Group, UNDP and the staff of the Department of National Planning and Monitoring for the leadership on the MDG culminating in the production of this report.

Mr Speaker, finally I would like to thank all the stakeholders in Government, non-governmental organisations, faith based organisations, provinces and the private sector who were involved in the implementation of the MDGs and would like again, kindly request their full commitment and cooperation in the localisation and implementation of the new Sustainable Development Goals.

The Department of National Planning and Monitoring stands fully committed to coordinate and support the implementation of the SDGs which is intended to improve the quality of lives and living standards of all Papua New Guineans.

Mr Speaker and honourable Members of this House, I now give you the PNG MDG Summary Report 2015.

Thank you.

**Sir PUKA TEMU** (Rigo – Minister for Public Service) – I move –

That the Parliament take note of the paper.

**15/07**

Mr Speaker, this is a very important report for us because as a member of the United Nations we are a signatory to this important millennium development goal. No doubt previous government under the leadership of our Prime Minister today, Honourable Peter O'Neill, we are making good progress.

I am really happy Mr Speaker, to look at the figures on the infant mortality, childhood mortality and maternal mortality. This are very significant achievements. If you look at the

actual achievement in terms of reduction of the child mortality, you are reducing from 89.1 in 1990 to 61.4 in 2013 per one thousand bag that is a very significant increase terms of statistical significant because for a very long time the United Nations were getting on us.

In terms of childhood mortality we were actually curtaining the future of this nation because the health of a child was very important to nation building. The arguments are whether we were vitamising the rice or not. There are about arguments about brain development for the future of the nation's population. Those are some of the arguments that were coming to us.

As a physician by profession when I see this figure, I thank God for these achievements. I also thank the efforts of all leaders, the bureaucratic leaders, Church leaders and all partners working together to save the style of this nation.

If you recall one of the leaders made a statement on the Floor that we did only inherit this nation from our forefathers but we have also borrowed it for our future generation. That is the principle. When I see the number of death from 89.1 to 61.4 per live birth that is a significant improvement. With the O'Neill / Dion Government commitment to fully fund the national health plan, remember this report came through after 2010 when the surveys were done. So it is a 2010 data that is now displayed as a 2013 information.

It is under those periods during which these efforts were made. That was prior to fully funding the national health plan but now right under this government's leadership we are fully funding the National Health Plan. We are looking at free primary health care and ensuring that the training of the health workers are revamped again like the teachers and the policemen. So this is all done under this government's leadership.

I believe in the next report we will even see greater reduction, particularly in the millennium development goal. Are our children growing up well or are they dying too early. Are their brains developing? These are important issues we as leaders are faced every day so it is really good to see these statistics.

When we go to the UN meetings or the regional meetings, they always say Papua New Guinea must do your job. You must reduce maternal mortality rate. It is too high in the region. Solomon, Fiji, Vanuatu and Australia are very good. They are telling us that we are reducing their efforts. Papua New Guinea must do your job on maternal mortalities. This has been our problem in any international conference.

**16/07**

Our efforts, you Papua New Guineans must do your jobs. Maternal mortality has always been our problem in every international conference and it is good to see that we have reduced



it from 470 per 100 000 live births in 1992 to 220 we have halved it. Having halved that maternal mortality rate is a story to tell in itself. As a nation we must be proud of that effort.

Mr Speaker, we can now go to any international meetings and proudly say that we are achieving the outcomes that all of us have been accused of in international meetings.

But, most importantly, Mr Speaker, when I was Secretary for Health I used to write statements for Mr Ludger Mond and Sir Peter Barter who were ministers then and this is what I used to write in their statements. I said, tell the Members of Parliament that this K470 per 100 000 live births is equal to eight mothers' dead bodies being brought to the steps of Parliament every day. That is the rate at which our mothers are dying at 470 deaths per 100 000 live births.

We have reduced it to 270, Mr Speaker, that's a milestone achievement. Some of the leaders may not know but we have on record eliminated leprosy. It is no longer a public health problem. We have reduced measles and polio.

Mr Speaker, WHO has certified Papua New Guinea as a polio free country. These are efforts that many people are talking about but these are efforts that required hours and hours of immunisation planning, programming, budgeting and human resources going out to cover the country.

Eighty (80) percent coverage is the World Health Organisation standard. If you immunise 80 percent of the children you would have covered the entire population in terms of preventing outbreaks of diseases like the one that we are covering, such as measles, small pox, polio and leprosy.

We did it and so as I mentioned, these are very good efforts and I must commend all the health workers throughout the country, many as you know, are in difficult situations out there in the remote areas. But they work day and night. They do the programmes, they plan it and they go out execute them and the mothers are actually coming forward to receive the treatment.

In terms of maternal mortality, I think it is an issue that is like the population argument, Mr Speaker, the population growth rate has always been higher prior to our economic growth rate moving at five per cent per annum. And so we were always chasing our tail.

It is the same principle that when the government made a concerted effort to put funding to family services such as family planning where there staff, services and equipment or all the processes such as vasectomies and pills that the mothers take are seen and the risks to the mothers are identified, the mother has access to the antenatal clinic. There the sister will tell her that her blood haemoglobin count is below 6 grams and recommends iron tablets for her,

all these are part and parcel of that equation. It means that when services are available the mother is safe.

The most prevalent cause of maternal mortality is excessive bleeding during birth, a normal human being has 10 grams as the normal level of blood haemoglobin. A mother will drop to five in the course of her pregnancy but she must be replenished to 10 before she gives birth. But, the reason why we have so many maternal mortality is because most of the mothers are giving birth at five because they couldn't access family health services. And so this is the tragedy.

Mr Speaker, I once said on the Floor of this Parliament on the maternal mortality argument that if there is one organisation in this country that has been recognised as being the agency with the strategy to reduce or halve the maternal mortality rate in Papua New Guinea, they must be recognised officially, this is reducing by 50 percent.

**17/07**

So I urge the parliament, let us recognise those groups or organisations of people, many of them that made an extra effort and let us list them and say thank you to them officially. you to them, because they are the ones that are working day and night, us politicians we are talking, but this are the ones that take it on the road and here we are proudly talking about the 50 per cent reduction on this mortality rates that has been haunting us for many years.

Mr Speaker, and I feel very happy to hear from the Planning Minister that we have reduced the maternal mortality in this country, what are splendid and what are silver effort.

Mr Speaker, and I would request the planning Minister to go identify those organisations that are continuing to make an effort that we recognise them, and we reward them with more resources, so that in the next report, we bring it from 220 right down to 100 per thousand life births, that are magnificent results.

Mr Speaker, on Malaria I have said ones that the reasons why we are seen by significant reduction is malaria prevents and incidents, is because we move malaria programmes away from the main stream of health department, Rotarians came in, Mr Speaker, so I want to ask the knowledge the effort of the Rotarians, camp against malaria was introduce in some 20 years ago, They have distributed Mosquito treated bed nets through the country at their own cost, I know in my district and many leaders in our districts, they have distribute those bed nest on their own effort and when you go to Kerema where there is a high malaria rate, you see that the reduction are unbelievable 75 percent reductions.

Another smart something we need to be proud of that we have achieved is 75 reductions in malaria preventions in this country, that Minister 7 out of 10 mothers who used to have malaria during pregnancy are no longer having sick from malaria, therefore their maternal motely will also improve, those the consequence improvements that will go across the country when one sector is control like a distributions of mosquitoes treated bed nets through the country by our good Rotarians and I so complement the efforts of everybody that had been involved.

Some of them have been involved from day one and still there, my friend like Rod Sindon is being involve from day one and his still there and still energize and still going up the villages like us Politicians but you know the reward is that no more Papua New Guineans suffering like before cause call like malaria and there are others that I know that other leaders will debate on, but I want to highlight in that area I know best, that we textually have made improvement to the maternal mortality, child hood mortality in Papua New Guinea and continue effort for our Government to properly and fully resources this important programme and properly training the skills people, and this is not something will come out of term of Parliament. No! It comes out of two three terms of the parliament committed to drive, this

Mr Speaker, in 1980 when we had a first case of the HIV positive cases, we were struggling and I wanted to acknowledge the individual's effort of the then Prime Minister the late honourable Sir Bill Skate.

**18/07**

The current Governor for New Ireland when he was Prime Minister said that we will never have problems of HIV in this country. Do not worry about the legislations and do not worry about how to respond to HIV/AIDS because it won't be a problem. I went and begged the late Sir Bill Skate when he was Prime Minister to introduce a legislation for an independent body to be responsible for HIV/AIDS. We were the first country in this region to pass a HIV legislation and I am glad to see that HIV/AIDS is no longer a big treat. It is still there but we have moved away from the threat. I am glad that in the meantime HIV retroviral drugs came in and that is part of the control.

The most important effort was education. It was awareness and education that were the important things that made people become aware of things like condoms, the antiviral drugs and the voluntary testing for HIV throughout the country. These are the strategies that were established which we are now reaping the rewards.

I am proud as a leader of this country in our time. For example, in my time I am glad to see the reduction in maternal mortality in this country. If given the opportunity in international conferences this is something I will be very proud to announce that as a country we have reduced this statistics by 50 percent in two decades.

**Mr SAM BASIL** (Bulolo) – I also would like to debate the paper presented by the Minister for National Planning which is the Millennium Development Goals 2015. I take the cue from the former Health Minister and the Public Service Minister in debating the health steps.

Mr Speaker, I would like to ask any ministers that stand before this Parliament and are presenting statistics to ask Members of Parliament to consumption of Papua New Guineans and our international partners. We do not have an effective way of collecting and recording our datas because what may have been debated and recorded today may be reflecting the hospitals and the health centres that are in the urban areas. Why I am saying this is because I had the privilege of walking the entire Warrior Valley from Morobe to Sohe district and also from Hidden Valley to Kerema and I make it my business to ask all the health centres that operate there.

I ask them when the last time they recorded their statistics and they said no so I do not know what Sir Puka Temu is talking about. We have to be serious that what we present here represents the entire country. This is just a writing in a book here depending on Port Moresby, Lae and Mt Hagen figures. It is from the urban areas and we are not getting it from the rural areas. I will remind this Parliament from the health perspective that we do still need 89 doctors in the 89 districts of Papua New Guinea. We do still need 314 health extension officers in the 314 local government of every local government offices in the country. We also still do need the 3 000 plus village birth attendants and community health workers in every ward areas of Papua New Guinea. We should be working towards to making sure that we fill the right people to control those birth statistics that we are talking about.

Mr Speaker, when I was in the National Planning Department, we came up with a scheme of producing ward record book of 3 thousand ward areas in PNG and we made it in a way that by November we would have paid all the DHL and TNT put everything in patrol boxes and send them out.

**19/07**

For example for Morobe, we have 9 districts and 32 local level governments. We will have 9 trunks ready from the NSO Office which by November will get shipped out to Morobe Provincial headquarter and the 9 district administrators that will come to the provincial headquarters, they get a fresh course on how to fill those and they bring it to each LLG like my district where my DA brings it back he will get the 6 LLG presidents and the managers to come to the district headquarter they get a fresh course and go back to every LLG, bring up all the counsellors, the councillors learn who to fill it out and then they implement it on 1 January.

During the year the NSO goes and visit all those areas to give more courses, more training and up-skilling them up to fill it and then by 31 December, they finish it and it goes back to the provincial government and they pick up their records and they send it back to NSO.

By that we have put K500 000 to each LLG and we want to pin that K500 000 to every LLG that we trade of with them with data. Once those data come back to the office the NSO boss sends the signal to the finance office that this LLG is qualified for another LLG DSIP.

So, the ward recorders are doing nothing, the councillors are playing card during the day because they have nothing to do. We have this sleeping giants we have this ward councillors and the LLG managers waiting they are doing nothing at home why not we use them.

Mr Speaker, if this system is used we will not waste money on Census, we would already know what Papua New Guinea's Census by the beginning of every year. We should know how many babies die not from the urban areas today like we were reporting earlier today. I am 100 percent sure that this statistics we have do not reflect the rural areas that are having this problems –

**Sir Puka Temu** interjecting

**Mr SAM BASIL** – We are just dancing to this result which is not reflecting Papua New Guinea, we have to be real.

Mr Speaker, that is why I am challenging every Minister who stands up and gives statistics, you have to prove to us where you collect your statistics from, show it to us otherwise we are just dancing for nothing here and we are telling lies to Papua New Guinea, and we are showing a good record to the United Nations just to qualify for funding and good governance and we are not reflecting the true Papua New Guinea.

That is why I am saying that we have to put this data collection system back in place, let us get NSO to connect with the provincial administration, district administration, local-level government, the councillor and the ward recorders.

Thank you, Mr Speaker.

**Mr KERENGA KUA** (Sinasina-Yonggamugl) – Thank you, Mr Speaker, I would like to contribute to this important debate and I thank the Minister for Planning, for drawing our attention to this issue and focusing on how we have been tracking by far.

Before, I comment on that Paper, I do want to pick up from where Sir Puka Temu mentioned a particular wrong seldom.

Think it is an undisputed fact and Sir Puka Temu, is correct to say that this man has contributed very significantly to the reduction of Malaria in Papua New Guinea through this RUM Project and if I could encourage, Sir Puka Temu and the Prime Minister to consider giving this man a knighthood because he has saved countless life throughout Papua New Guinea.

Part of my districts is in a very remote area and when I went to my village I had a mosquito net that was delivered under that project and so my life could have been saved by that net so I think he deserves a knighthood.

Now, on the international rating system that people apply such as the United Nations who rank performance around the world, they usually forget that different countries take off at a different point in time. They look at where we are presently as equals assuming that we all started off from the same point of origin, like in the Olympics games you see all the 100 meter sprinters they are lined up and they start of that race together at the same time when the gun is blasted.

But, that doesn't apply and then they are caught at the other end as to how they progressed at the end of the run but countries don't develop that way we take off at different point in time, different levels of resources, different skill sets and different rates and nobody ever gives us credit for where we are.

**20/07**

They all think that we started off at the same point in time. They rank us very badly, Papua New Guinea does very badly in a lot of these rankings. But I want to say this as a Papua New Guinean I feel proud for the progress of that we have made so far in a very short period of time. From stone age to the computer age and we have Papua New Guineans who are at the cutting edge of technology today and that is great progress within a very short period of time

so before we absorb all these criticisms sometimes we have to stand-up tall, beat our chests and tell the world that we are late starters, but we have made so much progress. They need to understand our story in our context not the international context and that is a point that the Minister can remember when he is beating our chest and flying our flag, he can tell them that we started off only recently.

However along the way, complacency is an evil that we have to avoid, whilst noting our progress to be our own cynic and critics and be critical of each other on the floor of this Parliament and progress this country forward.

We have a lot of gains but at the same time, Mr Speaker, there have been a lot of lost opportunities along the way. I believe when we are talking about this kind of subjects, the framework that the Minister is talking about is the overarching principle but it comes down to us getting the little things right. If we get those little things right, such as getting the statistics correct as the Deputy Leader of the Opposition is saying, getting the tender processes right, dealing with the issue of corruption, train up the public servants and also we get real value for money.

Every public servants who occupies a position must be trained for that job, at the moment it isn't the case, we are just shifting people around and they don't bring the skills with them so we loose on that front and we lose the gains that we should have made on that front and that's lost opportunity. There needs to be in-service training for public servants. In the past there used to be in-service training facilities in every province, now they are all closed and that's something. I seriously encourage the Minister for Public Service to revive because we speak here in this Parliament through legislations, amendments, rules and regulations, the question is whether the public servants who are supposed to be implementing out there in the districts understand the things that we pass here. But if this system is in place where there is in-service training and they are firstly trained for the job and then there is continuous in-service where new legislations and rules are notified to them on how it impacts and how they are supposed to implement it then we can improve our game.

Everything revolves around money. We can talk about improving health, improving education, improving law and order, but when there is no money, we can't do all these things. So part of our challenge would be to increase the wealth, create the new wealth for this country so that we create more tax revenue for the Government and the Government can be able to spend in those areas. So how are we going to expand our economy, can we build new wealth, are we getting enough money for all our fish, all our timber, is there any downstream processing where can maximise value. Are we getting the right amount of money or benefits out of our

mining project, our gas and oil projects, so these are the questions that each of the Ministers should be asking specifically to see that Papua New Guinea is getting maximum for what it is entitled to. We can then use that money to improve our international ratings which at present is not looking too good for us.

Finally, I think that we should have an annual score card, for example most of the departments have not been audited by the auditor general for many years, so we don't know, how the departments, districts, provinces are spending their money, whether they are spending it properly and we are getting maximum benefit out of it or we don't know.

**21/07**

The Auditor-General is not publishing those results and the same thing should for every other department. They must be able to produce annual score cards and not two years or three years after the fact, no, the country has by then already moved on. So, it is a challenge for us and I think that we should not avoid and start talking about it so that when this sort of report comes out we are then talking about last year's statistics. Not three or four or five years before and we are already five years down the track. That is by this time irrelevant to us.

We need to be talking current statistics and current issues, so, I think that there should be an annual score card. And, every department, especially the Auditor-General's Office must be able to report on all our spending. We are spending billions of Kina every year and we do not know whether the country is getting real values for all those billions.

We move towards a system one day where we can be able to get this report stable on this Floor the year after the previous financial year and not two or three or four years down the track.

Thank you, Mr Speaker.

**Mr GARRY JUFFA** (Northern) – Firstly, I would like to thank the Minister for presenting this report and I wish to say a few words. Before I comment I would like to just say that, we should make a concerted effort to recognise the true champions in our community who are our health workers. Who are serving out there in very remote areas under very difficult conditions, and I can honestly say that, of all the public servants the health workers especially, are the most committed and they work under the most difficult circumstances.

Yes, we are proud of some of our achievements and yes, we also have some failings that we must be concerned about. I think that there is a balance here that we must be considerate of. On the one hand we must not play down ourselves too much but on the other hand we must



not be so too enthusiastic that we imagine that we are living in heaven. Because that is the assumption one would make if one were to listen to Sir Puka Temu.

We are living in Papua New Guinea where most of our people do not have access to a doctor. Where most of our rural population are not receiving the services that they deserve. I have visited most of my districts and their aids posts.

It is very alarming to hear from them the conditions that they have to work under. Most of them do not have doctors available and when I asked the advisor for Health, he said we cannot afford to attract doctors to these areas. Because our doctors are unwilling to go some of these remote areas to and serve there because the stations and districts do not have some of the services that doctors would like to have for their families and themselves et cetera.

Now, I am just raising these issues as some sober thoughts so that we may take into considerations some of the difficulties and realities out there in our country. Therefore, we must not forget such issues and not get carried away with beating our chests and loudly declaring about how great we are doing. And that, some of these sober realities might be swept under the carpet. We might convince our people that everything is well and great when in fact it is far from the truth. It's work in progress and for that it is true.

I wish to highlight – while we are speaking here, by the way, I just received a message that the premier hospital here has been turning away patients for cancer treatment. This is because they do not have the medical treatment required for cancer patients. So, they are writing prescriptions and giving it them and saying, sorry we cannot treat you. Now, many of the cancer patients around the country come into Port Moresby and Lae for treatment. So, when they are being turned away like that it is almost a death sentence, especially to those who cannot afford it. What then can they do? That is the reality I just want to point out to Sir Puka Temu here.

**Sir Puka Temu** interjecting

**Mr GARRY JUFFA** – No, I am not blaming you, Sir Puka Temu. I am just bringing you down from cloud nine to earth so that, we can face reality.

As for this report, now, it would be great to see a report produced by our own departments. The National Statistics Office, for example. Where is this department? Does it exist? National Statistic Officers are some of the rare creatures. We should put them on sites of endanger species because I have not seen these people especially in my province.

22/07

**Sir Puka Temu** – You never go to your province?

**Mr GARRY JUFFA** – I actually stay there and go back and forth. I travel. There is this thing called aeroplane and people use them sometimes. You might want to know that.

In the 80's a very important organisation was abolished. It was called the Office of Information. That office was housing every station and every districts. It collected and collated information about what was happening in the district, in that station and transmitted it to the headquarters. All the data was compiled and regular reports were presented. So we knew what was happening.

When we abolished this organisation, we do not know the population of this country. Here it says that in 2011 7.5 million people there about? When you ask other people they say 8-10 million people. There is even an organisation that uses modern technology and declares the population of this country to be 11 million.

So how can we budget accordingly, if we do not know the budget of this country? This are the statistics vital for planning. And if we have a national statistics office existing and functioning then we will know this information and our planning will be thorough.

So instead of waiting for development partners to come here and who are experts on PNG, but are not from PNG, they come from all over the world paying huge amounts of money, stay here in Port Moresby, collect information from Yacht Club and produce reports like this.

*(Members Interjecting)*

**Mr GARRY JUFFA** – No one is to be blamed here but everyone needs to be blamed as well because at the end of the day, this is a situation that exist. What we have to do is understand that this is a problem that needs to be fixed and addressed.

Each and every one of us need the statistics and statistics that are timely. So that we can be able to plan and take note of what situations exist and allocate our limited resources accordingly.

That is why I would like to see a report produced by the Papua New Guinea Government and not by development partners which is reprinted and presented.

Your National Statistics Office phone lines are not functioning but should be functioning because there is something called the mobile phones. You can call me. You have my number Minister for Planning.

So before you defend your development partners who are operating out of yacht club and hotels, listen to some advice about reality. So don't be angry and upset.

Anyway, I want to commend the Minister for his efforts because he is always bringing in reports and tabling in Parliament. So my recommendations are: We are problems with statistics office which is not functioning but is funded and not moving. It is not providing the leaders with the information they need. So that we can adequately understand the problems we face in our provinces. That is a reality that we need to address and we must address.

Budget is based on the population. If the population here says 7 million and the reality is 11 million what are we going to budget for?

**23/07**

What are we going to budget for with K11 million. Do we just get an average? How does this happen? Do we estimate or take Sir Puka's advice? I don't know.

But thank you very much for allowing me this opportunity. I commend the Minister for bringing this report but I think there are some issues that need to be addressed. I will propose that the National Statistic Office be completely reviewed because this is an effective efficient organisation that is providing us the statistics that we need. We can all participate and we can all assist in this effort, thank you very much.

**Mr JOE SUNGI (Nuku)** – Thank you Mr Speaker. On behalf of the rural community and also the people, I commend the Minister for always presenting reports to our parliament which is very good because then it gives us the opportunities to debate issues and ways of improving them.

I would like to support the comments made. That is correct, we need to move forward toward what we need to improve on based on what we are now. Once you know your benchmark, you are able to measure. If you do not know the benchmark, you cannot measure. What the planning Minister has presented will help us to set our benchmark so that we know where we are going to start.

Mr speaker, in our respective electorates, I would be well off if I knew my indicator before coming into Parliament because that can be translated to my District Administrator and down to the LLG manager, so that we know exactly what we are there for.

Mr Speaker, we keep calling the ward members ward counsellors but they are no longer counsellors because it is kiap time title and we have past that stage. We can no longer call

them counsellors anymore. They are ward members like us because they are the Members of the Assembly at the local level government level and have bigger responsibility.

Mr Speaker, it's very simply. When I go to the ward in my District, a ward member can tell me the name of a mother who gave birth and died, the name of man or woman who passed away so I think we have a bigger responsibility here and I commend the Prime Minister and the NEC for supporting the ward in teams of financing.

This is the way forward so that we can know where we are measuring from. When you talk about the national and the provincial figure, it does not really reflect the ward. The only person who knows the figures are the members of the ward level.

Mr Speaker, as a country we have failed miserably on our reporting system. We cannot blame anyone but we can try to improve on this. That means our public servants will have to beef up in the reporting system on our annual and minimum activity targets.

The MTD are broad and there are long range of outcomes. They are not going to measure the weekly, monthly or quarter indicators. For instance, we are spending a lot of money on infrastructure. As far as health and education is concerned for me, I would like to concentrate on accessibility. I am now concentrating on building the roads for my people because the roads will bring in the other sectors.

**24/07**

When you have a good transport system, if you are talking about the prevention part of it, you can even fly a doctor or a health worker in where it is inaccessible. But if you don't have the accessibility, how can you get them there? I am looking more on the prevention side of it.

If my people can, because in my district I have a problem with protein and the protein is in the Sepik River. Unfortunately my district is not close to the Sepik River so what we do is we try to provide access to them so that they can go and get fish from the Sepik River.

So, the prevention part is that when you have road accessibility they go and buy fish there and come back and improve their meals and so the deficient part of their diet is improved.

So, I think when we look at the prevention part of it we must also provide good, clean water supply.

And I think the National Government is now putting money where it matters most, which is basically at the district level. So, once we get the money, and we know our priorities. What we can do with these reports and indicators now is that we can translate this into our various electorates and if it is not helping us then we can, as a team, as a government, whether you are in the Opposition or government, it does not matter, we are in the Parliament, work

together as a team to make sure that we improvise on this and try to break it down to a simpler matrix.

For example, if you are building a classroom, you have spent so much money on the classroom and a good teachers' house but at the end of the day comes grade eight exams, none of the students from that school go to grade nine.

Have you achieve anything? You have spent millions in classrooms and teachers houses but at the end of the year none of the students make it to high school. So, what are we measuring? If we measure what we should be held accountable for we shouldn't be blaming each other. We should be set so long as we know what we are measuring, the baseline studies.

So this report is basically putting us back on line to see from the international perspective but how we translate this information from the national scene down to the province, LLG and even down to the ward level where it matters most.

So, Mr Speaker, I commend the Minister for presenting the report but another point I wish to make is this.

At the national level we need to really look at who is going to provide the final report. Which Office will publish the report that is reflective of our individual districts and all the way up to the National Government?

So, I think it is just that there is a bit of work we need to do. Whether National Planning is reporting or other department reporting, which one will be the correct one that reflects our respective areas?

So, I am more on who reports to the National Government so that we can pick up on the most correct report and at the same time we must improve on our reporting. I think the public service need to improve a lot. We are no longer looking at quarterly reports anymore. I think many departments have not been submitting quarterly reports, monthly reports and even six monthly reports.

So, there's a lot that we need to do but the MTGs are not talking about the annual activity plans or reports as such, they are basically an outcome of over a long period of time, may be five years, or 10 years and so on but all along at the shorter period you can have the indicators clear so that we can all contribute to seeing the improvements.

So, finally, Mr Speaker, I commend the Minister and I'd like to say that on the health side once we focus more on prevention we can automatically contribute a lot towards making sure that our prevalent diseases can be attended to. And when the curable cases come on the doctors and our medical personnel can respond to it.

But, otherwise, I commend the Minister and the report but as I said, all of us have contributed and we will all work together to see that the indicators that we have measured against the whole world is measured properly.

Mr Speaker, thank you for giving me this opportunity and I commend the Minister for his good report.

**25/07**

**Mr PETER O' NEILL** (Ialibu-Pangia – Prime Minister) - Thank you Mr Speaker, as for me I want to join the colleague Members to debate on the statement by the Minister, and let me take this opportunity to thanked him for the report that he produce at the parliament for the first time in many years.

Mr Speaker, almost his my 14 years I have never seen any National Planning Minister brings the reports to Parliament, and I think the Opposition Leader is laughing, but he knows that he was Minister for some years and he knows, that we must admit and give credit where it is due, that the Minister is hard working Minister and he is trying to clean up the most backlog of years, non-producing of reports to Parliament and to the Country.

Mr Speaker, we know that the National Statistics office is not functioning in many years, infact since Minister Abel has taken that Ministry, we were revamping that organisation, and not so long ago, they produced the GDP report of the country for the first time since 2006, now for the first time I saw the report of the Millennium Development Goals for United Nations and it was my first time to see the report on a timely bases for 2015 normally we get that few years later.

Mr Speaker, I am really happy with some of our Department trying their best to revamp the reporting structures and I 'am encouraging the Members, please don't talk our people every time, go and work with them and see what they are doing, and visit their officers and encourage them to do more, and that's the only way that we can make real difference in our country. So don't say that reports are not coming and spoiling our people, you are not encouraging him to go there and work harder, and you are not motivating them. You are in fact discouraging him. So I would like to commend our people that are working in the National Statistics office, there are under extreme difficulties, and most of the time they don't get right funding and the capacities are usually strips because the organisations like that are the ones that gets budget cuts first, that's why many good reports are not coming to us from them.

Mr Speaker, when we got the Government in 2012 till now, and the meeting that we attended in the Pacific Island Forum meetings, United Nations meetings, and Papua New

Guinea reports are always bad all the time. They placed them in colours and the people who achieved the target are coloured in green, and those of us that don't achieved anything are always in colour red and it's really shameful. When you see your country's colour like that, your mind set will not be good at all, so many times, like the good member for Sinasina-Yonggumgl talked about? Many times their standards and base they used to assess is never fair, they like to compare us will small countries in the Pacific like Cook Island where it's easy to count 10 000 people quickly. But to count 8 000 000 people is not easy for a big country like Papua New Guinea that why our reports are bad all the time when they compare us with small countries like that but it's good to see that we are achieving some of our targets for the first time now. It does not mean that we have achieved everything so we can sit and relax, no. It's the start to correct many mistakes we have done in the past.

When you look at MDG targets that are being set out such as poverty. Poverty will not go down if our economy does not grow, the in the last fifteen sixteen years our economy has grown. The report stated that poverty is reducing almost around 16 per cent within that time. It means many people are getting good trainings, good jobs and can now look after their families well and feed them well. There is improved employment opportunities in the economy because of huge investments that are coming. Why I am saying this is because it is the responsibility of us as the government and as leaders that we continue to promote our country as investment destination, because when we do that we are creating opportunity for employment and better standard of living for our people. They will earn income and they will be able to look after their families better.

**26/07**

Mr Speaker, universal primary education has been a dream for many years. In line with goal No2, we are at 85 percent and getting to 90 percent. This is because we have got some very good policies that we have started and have been consistent over the last five or ten years. Our investment in education is achieving that result. That does not mean that we have other problems and challengers we still have many of them. Teacher's houses and classrooms need to be built. Teachers training need to facilitate and so many other outstanding issues need to be taken care of. It does not mean that we can perform miracle and do everything in one year.

We do have many challenges because every year our population is growing at a very fast rate more than some countries in the world. It is more than 3 percent and that is a huge population growth. To look after our growing population is a challenge our country faces. We

must educate our people to have small nuclear families which in turn we will be able to provide the basics sufficiently. A family of two or three kids is manageable but more than that will be a problem. I am only advising those of you who have too many kids. Whether you get that advice or not is entirely up to you.

*(Laughter in the Chamber)*

**Mr PETER O'NEILL** – Mr Speaker, our Free Education Policy is starting to work. Many of our investments into education in infrastructure and everything else is starting to pay off. We are now beginning to reap the benefits. We do have some mismanagement in one or two places but that does not mean that the over roll programme is not working. It is good to note that for the first time universal education is possible in our country. More importantly are our daughters.

This is the first time our daughters are being given a fair change in education. An educated young girl will be an asset to the nation. She will make sure she is trained well, she can have a career and she can delay having a family meaning that she can control the population because of her own behaviour. This are all possible because of education. That is why the investments in our education is a positive thing and the way forward for us as a country.

With gender equality and empowerment of women I agree with the Member for Sinasina-Yonggamugl. It's not like every time I agree with him but with regard to this specific issue I do agree with him.

I think the world forgets that even before the western world was empowering their women, we were already empowering our women folk. You look at our maternal societies in our country. Women had leadership positions in the communities and they owned assets and land. This is an important aspect in life and today we are building on that. Yes, some societies need to catch up but we were already empowering women in our country. There is nothing to be ashamed of.

When we travel into international conferences we have to keep reminding them. People are shocked and surprised when I say women directly own land in our country which is inherited from generation to generation. Papua New Guinea can be proud of some of these barriers that we minimised in terms of gender equality in many aspects. There are still so many things to do in the country like addressing domestic violence. That is a huge challenge for all of us and we need to do more.



**27/07**

We in Parliament have put in many legislations through but it is the implementation of those legislations. Communities must not become tolerant to such behaviour, if you see a neighbour abusing his family he must be brought into account into the community or law enforcement agencies, we cannot just sweep it under the carpet and say, that is their marriage problem so we should not get involved, no that is not right. In our traditional society in our country we have done that before, the community leaders and families got involved making sure that the husband and the wife had a stable family. So, I think it is important that we continue to strengthen that.

Mr Speaker, the issues about the child mortality and maternal mortality I am very proud to see that there is huge improvement, this is because of many reasons of course many NGO's who are working tirelessly out there they must be commended for this and our own investments in our nursing colleges making sure that there are more nurses out there helping us to reduce this mortality rate in this area.

Mr Speaker, we are achieving a lot of this because we are investing a lot of money in the health sector. You look at hospitals throughout the country for the first time they are operating as hospitals in many parts of the country, as I have said many provincial hospitals are now receiving funds directly and they are renovating and building hospitals in Lae and Port Moresby, in Goroka we are building one today, in Hagen we are working on a program to rebuild the Hagen Hospital, in Popondetta we are building a hospital, next month in Kerema we are going to open the brand new hospital which used to have a health concern for the entire province and we are starting to see tangible changes happening.

Again, our government policy on free health care in this area, Mr Speaker, is producing results. What I want to conclude by saying is that just because we change government or next year we go for elections and come back and have a new government in place does not mean that we change government policies. We must continue to strengthen things that are now achieving outcomes, we must continue to invest in them and we must continue to put funds in the right areas.

At the districts level they are changing, I know the Member for Bulolo and the Governor of Northern talk about some remote areas not receiving the government services, that has been happening for the last 40 years but the small investments that we are starting today are starting to trickle down into those areas as well.

Health centers are starting to open up, early learning schools, elementary and community schools are starting to operate, as our Member for Nuku has stated that our government is

thinking about funding the wards directly from next year onwards. At the ward level so that they can take charge of the health centres, aid posts in the community, they can take charge of elementary schools, they can take charge of the village recorders that the Member for Bulolo has been always talking about the village recording, they need funding to support this.

So, we expect the Opposition to support these initiatives because they are very important to know the movement and activities of the population in the communities in every ward in the country.

Mr Speaker, we are again rebuilding from ground up because these are services that have been neglected for many years since the colonial administration and that is continuing to make a huge change in rebuilding our country. And I am very certain, Mr Speaker, as the United Nation is now putting up new sustainable development goals Papua New Guinea stands to achieve those goals.

We should be proud that we are moving towards that, Mr Speaker, we must strengthen all our institutions of Government, some of them need to focus more because many years of downsizing, readjusting reforms that have been taking place in the Public Service have killed the morals of the public servants for many years. Some departments have been cut down to a skeleton as a result, Mr Speaker, this government is rebuilding that by rebuilding the administrative collage now the Pacific School of Government that is trying to rebuild the Public Service machinery in the country, they are training accountants and all the bureaucrats who are going to go out to the provinces and districts from that college as we speak today. We are rebuilding infrastructures with support from our development partners like AUSAID.

**28/07**

Mr Speaker, I see a very bright future, for our country and I commend the Minister for National Planning for his tireless work that he is doing which is not easy. I think that the Minister has done a tremendous job and just going back the accuracy of the data that some of the Members are talking about. Mr Speaker, I too will be very concerned if our Departments were producing the data themselves without being vetted.

Mr Speaker, I am very happy that United Nations Development Program has vetted many of these issues that are there. These are international reports that are accepted internationally that we have to put in through the United Nations as a member country. I am very thankful that other development partners are supervising the work of the National Statistical Office so that we can reliable accurate information because sometimes when we do it we use guessed information. It is good that international organisations are there keeping an eye on what sort of

data we are putting together and I am very proud that our departments are now starting to work in collaboration with them and achieving the outcomes that these country truly deserves.

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

Motion – That the Parliament take note of the paper – agreed to.

**ALTERNATIVE VIEWS AND STRATEGY FOR THE  
DEVELOPMENT OF PNG’S GAS INDUSTRY – STATEMENT  
BY THE DEPUTY OPPOSITION LEADER – PAPER NOTED**

**Mr SAM BASIL** (Bulolo – Deputy Opposition Leader) – thankyou Mr Speaker.

Mr Speaker, on behalf of my colleagues in the Opposition, I would like to share this opportunity to present our alternative views and strategies for the development of PNG’s lucrative oil and gas industry.

Mr Speaker, in summary the central position of my paper is advocating for a gas hub in the Gulf province with the location of the LNG processing plant in that province.

Mr Speaker, after 40 years of independence and almost 30 years of oil and gas production in PNG, how have we journeyed as a nation in these multi-billion kina resource projects? Has history taught us anything, have we stopped to take stock of industry experiences and challenges, before we embark on new petroleum and energy sector developments?

Mr Speaker, many questions are being asked and yet not so many are being answered. For example, the Opposition is concerned that the economic modelling represented in the binding contractual arrangements and obligations are not well understood by the O’Neill Government at the expense of our people, the ultimate beneficiaries.

The central agencies and relevant departments tasked with enforcing those agreements are also at a loss when high level political interference remains the order of the day. Importantly, Mr Speaker, as legislators have we understood our own promises enough to translate the benefits of resource profits to our people through timely and well-funded goods and services? The Opposition fears that this understanding is clearly absent.

Mr Speaker, the rightful beneficiaries of our ongoing negotiations to sell our country’s vast resources patiently await their share of benefits. My question is, can we guarantee at this

stage in our economic development path that we will be able to sustainably manage our oil and gas profits and windfalls so that benefits can genuinely and urgently be shared with our people?

In 2016, Papua New Guinea ought to be considered a mature and sustainable economy largely driven by resource extraction and exports of those extractive industry by-products. But we fear this is not the case.

Petroleum resources are the biggest single revenue earner for PNG. But after almost three decades the future looks dull. Mr Speaker, Opposition is questioning the policy choices of O'Neill-Dion Government in relation to the returns on investment in these two lucrative sectors. This country's credibility hangs in the balance while the elected government is failing to translate the resource profits into tangible gains for our people. The absence of consultative policy processes, legitimate consultation with landowners and due diligence in the execution of contracts and the negotiation of massive illegal loans has now left us on our knees. Can we expect to see a credible and significant policy in this era of gas development and commercialisation?

**29/07**

Mr Speaker, successful energy takes throughout the world to not comprise on the importance of developing and regulating their gas industries. In keeping with global industry standards, the Opposition believe that the development and regulation of the sector must be consolidated and captured in a National Gas Master Plan.

PNG has never legally developed an oil or gas master plan. One capable of enabling a world funded legislative framework that properly guides innovation and advancement in the petroleum or energy sectors.

Significantly, Mr Speaker, despite major projects such as Kutubu, Moran Gobe and recently the Hides Gas Field our country has lacked a consolidated strategy for oil and gas that can help us as a nation to participation well in these multi-billion Kina resource projects. We arrived here in 2016 due to the fact that we ourselves set up policy frameworks, institutional strategies and importantly a political plan that provided an environment conducive to economic growth. We secured the foreign direct investment that we needed from 2002 to influence the growth path of this country.

But in recent years, Mr Speaker, the government's ambition and self-indulgence has led us to remarkably fail our people. For example, the State's inability to raise the proposed Sovereign Bond is directly related to this government's lack of credibility overseas where the government Ministers have been struggling to ask sceptical donors yet for more money. My

point is that the O'Neill-Dion Government has also reversed the initial gains and progress made in the construction and development phase of the LNG by failing to protect and guide our own interests to date.

Mr Speaker, now, we intend to start the second LNG Project but we have failed to maximise the gains of the first phase of the LNG. So, observers and our own people are asking if the original agreement are flawed. Or has it been the political, legal or technical errors that are effecting the development of PNG LNG. If there is a clear strategy this government does not have the ability to enforce its own plans without over spending.

Even worse, Mr Speaker, this government is punishing key sectors like health and education with budget cuts because it spends and committed in illegal loans of our resource revenues.

Importantly, Mr Speaker, technical experts reliably have informed us that the Gulf of Papua Basin or the Eastern Papua Petroleum Basin is rich with gas and condensate resources. We are told that more discoveries are to be made from Gulf onshore to offshore areas. We also know that this region is now a highly prospective basin. However, we continue to see the symptoms of poor governance in the processes of governing licenses that we hear, are being given under suspicious circumstances. Commercial deals are being made frequently and unlawfully but we want to know where the interests of the 8 million people of PNG sit amongst all of these economic and political activities.

Mr Speaker, why is the government allowing Papuan LNG to be set up in Colten Bay? For we believe that it's heading that way and taking away the Gulf and Western Province people of their share in equity in their share of resource development. The advancement of the backwater towns, districts and people is a constitutional guarantee that must be upheld and enforced by any government.

Mr Speaker, after 40 years of Independence these provinces are two of the most highly disadvantaged. Not simply due to poor governance and weak institutional and administrative capacity, but also due to the dreadful and geographical conditions. The many rivers and mountains in these areas make logistics and planning of development services extremely difficult for those people.

However, Mr Speaker, these people who face hostile conditions are blessed with the potential to self-sustain as their land there has gas and condensate resources. It is imperative on all of us as leaders to consider a path that will bring foreign investment and revenue and opportunities directly to their doorsteps. Our people can enjoy the steps to semi-industrialisation if we provide the development enablers and create structural features that will

allow them to sustainably enjoy the benefit and their ancestors and in the way our forefathers have planned for us.

**30/07**

Mr Speaker, arguably, we did not maximise the gains within the first PNG LNG by locking all our energy reserves which is more than 10.5 pcf as agreed for in Gas Agreement. We presold the entire quantity of unprocessed reserves to overseas buyers. It is like selling a kilogram of oranges for 20 toea or 20 cents when making orange juice, jam crystallised fruits and other by-products can be sold for K20. This morning, I called a friend in Brisbane to give me the price of LNG gas in Australia and I was told that a 45 kilogram container of LNG gas is sold for Aus\$88 which if converted using the exchange rate this morning of 2.43 will be sold at K213.83.

Mr Speaker, on the streets of Port Moresby, from Origin Energy to outlets, they are selling 45 kilogram gas for K550 to K700. The higher to go up to Mt Hagen, the prices will increase to K700 to K800.

I will give an example of Vanimo. When I was in Vanimo, everybody goes to barter or operate boats between Vanimo and Jayapura because the fuel prices are cheaper in Jayapura.

Mr Speaker, my point is that we are oil producing nation but we are not making sure that we are feeding our people at a cheaper rate before we sell our resources out.

Mr Speaker, we sell the Hela and Southern Highlands people by not giving them their rightful share of 4.27 per cent; a free carry equity in the Government share in the PNG LNG project in the UBSA deal in Kokopo in 2009.

Mr Speaker, we have failed to secure our first gas for domestic consumption to adopt our new second chance as a gas producer by creating the enabling environment to benefit our local economy. We also failed to invest directly to Elk Antelope field PRL15 and instead we chose the less lucrative option of Oil Search capitalisation. That decision is causing the current lock down of revenue stream of critical LNG revenue as agreed under the UBS loan.

Mr Speaker, we failed to create a Petroleum Regulating Authority like the proposed Petroleum Resource Authority which was much talked about in meetings and petroleum conferences since 2000. There has been no outcome to this day. We have sold over 200 shipments of LNG cargo and yet, none of this revenue or tax benefits can be stock back in PNG.

Mr Speaker, are we going to lock in the Elk Antelope field also to the PNG LNG agreement and pipeline and continue to repay the loans that we took without securing any

returns? We have failed miserably time and time again and have we learnt from anything yet? Are there any literal thinking Government Ministers and technocrats in this country anymore?

Mr Speaker, from the analysis we have made and from expert advice, we have received so far, the Opposition takes the patriotic view that Papua LNG project must be treated carefully before it commences into any final investment decision and gas agreement.

Furthermore, we strongly believe that Papua LNG must remain within the Gulf Province so that it can act as a driver for other gas development and commercialisation within the same region so as to allow for fair and maximum benefits to all the stakeholders, both foreign and local.

Mr Speaker, our convictions are supported by the following:

(1) our arguments are found in the Preamble of PNG *Constitution*. Keeping this vital resource development project within the Gulf Province is a vision and aspiration of the people of Gulf and PNG, and is guided by the National Goals and Directives of PNG's *Constitution* that forms the basis of how we expect our country to be governed according to the rule of law and the values and the underlying principles of democracy.

(2) the National Goal 2 states; we declare our second goal to be for all citizens to have an equal opportunity to participate and benefit from the development of our country which further extends into equal opportunity in political, economic, social, religious and cultural life within the country, and equal distribution of services in all parts of the country and for every citizen to have equal access to legal processes and all services, governmental and otherwise, that are required for the fulfilment of his or her real needs and aspirations.

**31/07**

Mr Speaker, the country's National Goal number 4 founding statement says: "We declare our fourth goal to be for Papua New Guinea's natural resources and environment to be conserved and used for the collective benefit of us all, and be replenished for the benefit of future generations."

This also further expands into the first directive that says, we accordingly call for "wise use to be made of our natural resources and the environment in and on the land or seabed, in the sea, under the land, and in the air, in the interests of our development and in trust for future generations."

Rationale No.2: The region has an upside potential of 32 trillion cubic feet of gas. Mr Speaker, Gulf and Western Provinces have a combined brownfield resource base of 21 trillion cubic feet of gas.

With current drilling activities, more reserves will be found both on land and in the sea thus, giving an upside total of these two provinces to about 32 TCF or more.

The risk we are facing right now is that our own people/resource-owners and leaders are negotiating disconnected deals for sub-standard commercial incentives and worse outcomes.

The Opposition acknowledges the value of foreign direct investment to our country's growth trajectory.

However, without careful regulation and punitive measures for poor commercial practices our people will continue to face the worst end of any deal.

Simply because we are not protecting them by regulating and genuinely taxing foreign direct investment according to updated and modern tax thresholds and regimes that by design have the effect of curbing uncompetitive and illegal behaviour.

Mr Speaker, it looks most likely that the preamble of our national constitution has been overlooked.

Major developers of oil and gas, Exxon Mobil in this country with large-scale investments are being offered lucrative conditions to develop resources that belong to the State of Papua New Guinea.

Our agreements with these multinationals must reflect the constitutional protections that guarantee certain rights of our people and the obligations of visitors to our shores.

Mr Speaker, all we are asking is that, fairness for the interest of our people and the country's laws must always be respected and applied in its true spirit.

That obligation rests with us as legislators!

Otherwise, the State may be liable for breaches that will incur more losses that will undermine any progress we have made in the oil and gas sectors.

Mr Speaker, the Opposition's concerns rest on the risk that we are beginning to see emerge with disgruntled landowners who feel aggrieved that they have not had a share in the benefits that were the subject of protracted negotiations in the years leading to 2016.

The real risk of legal reviews and court injunctions that may be taken by aggrieved parties against any international oil company be it ExxonMobil or others whose projects are in direct breach of overarching laws such as the constitution, the *Oil and Gas Act* and the *ICCC Act*.

Rationale no. 3: Papua LNG in Gulf will be a low cost project and monopoly of this vital resource has to be avoided.



Mr Speaker, the Opposition is of the strong view that the Papua LNG project, the key driver of the proposed Papua gas hub must be located within Gulf Province, where it is closest to the Elk-Antelope gas field plus other small and medium size stranded fields within the Gulf and Western provinces.

In comparison to PNG LNG project, the Papua LNG will cost significantly less than the first project due to its shorter pipelines to the coast, relatively even surface, and also it will be of much lesser risk when dealing with geographical hazards and landowner issues as gulf is a maritime province.

Mr Speaker, Gulf has four potential sites that can be further surveyed and organised for use by the Papua LNG project.

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These are sites from Orokolo Bay and Bluff on the West of Kerema town to Epo and Oiapu in the East. Developing the project anywhere on one of these sites will not only reduce the lead time to build the liquefaction plant itself, but it significantly reduces the cost of the proposed 340kms of undersea pipeline section from Gulf to Caution Bay in central Province. PNG LNG developers spent significantly on constructing 407kms of their offshore pipeline after coming off from Kopi sub-base in Gobe, Southern Highlands.

Mr Speaker, on good advice, the opposition understands that the second LNG Plant can be built in Gulf because the technology is available to undertake this project. We must now create man-made barriers to protect smooth berthing of the LNG tankers and dredging of sedimentation. Significantly we note that the liquefaction plant cost is still the same whether it is in Caution Bay or in the Gulf. Furthermore, evaporation of cryogenic gas (or LNG) termed as “boil off gas” (or bog) can also be easily contained, as this is a normal part of an LNG supply, storage and loading operation throughout the world.

Mr Speaker, we are told LNG becoming a bog is an expected outcome and engineering solutions are available in the world today for this to be minimized and contained so the LNG we sell must maintain its heating value and density. Total SA or ExxonMobil for that matter cannot use rough seas, cryogenic boil off gas, rapid sedimentation and so on, as an excuse to avoid building an LNG Plant in Gulf province.

Mr Speaker, the Opposition therefore strongly denounces the planned pipeline to Caution Bay and also strongly denounces the monopoly move by Exxon Mobil in Elk-Antelope Field.

The Opposition aims to write a formal letter of complaint to the Department of Petroleum and Energy, ICCC, Ombudsman Commission and other relevant agencies to immediately

review the 37 per cent commercial acquisition of Elk Antelope field by Exxon Mobil. We believe this move will block any possibility of developing strategic pipelines and fields facilities (with third party access) that can in turn enable the development of other stranded small and medium gas fields held by other companies within the area.

If PNG does not develop its stranded fields now through the Papua LNG project, who else will do it? Mr Speaker, this country cannot allow a single company (or a certain group of foreign investors) to freely pocket all our energy products contained in the gas well.

Our economic modelling must capture the different pricing structures that we are aware of in the range of gas by products.

Mr Speaker, Papua New Guinea must be in a position to have first preference to downstream and sell these petroleum and energy products, we must not give exclusive rights to the developer to on sell all raw products. The current scenario reflected in the binding agreements are not in the best interest of the country and if there is any intention to continually offer exclusive rights to developers to maximise gains ahead of our own interests, we must condemn the status quo in the strongest terms.

Mr Speaker, the Opposition believes that whilst the monopoly and piping of gas from Gulf to Caution Bay in the central Province is only good for synergy of the industry itself. The cumulative monetary losses of direct and indirect benefits to PNG is potentially over five hundred billion US Dollar, if this Papua (or Gulf) LNG project does not remain in Gulf province.

If the project does not become the development driver for other small and medium size gas fields in Gulf and Western provinces, we will lose the true benefit of developing our natural resources.

RationaleNo.4: High investment opportunity provincial governments in PNG.

Mr Speaker, the Opposition also believes that creating a central Gas development area in Gulf (like the proposed PNG Gas hub by Gulf Provincial Government) is a strategic long-term investment opportunity, for each provincial government in PNG as well as the National Government and it can also benefit foreign investment too.

The revival of the National Gas Corporation (NGC) with its legally mandated role is the key entity that is capable of carrying all provincial government's interest in this gas project. Financial returns from this project go directly to both the Provincial and National treasuries, without the need for financial control from the central government in Waigani.

A reform to include these autonomous financial arrangements with the correct governance mechanisms and strengthening institutional capacity are essential right now.

**33/07**

For financial control from Central Government in Waigani, a reform is to include these autonomous financial arrangement with the correct governance mechanisms and strengthening institutional capacity are essential right now,

Mr Speaker, this system that allows direct financial Returns to each provincial treasury, this greater degree of financial autonomous to each provinces, this can also prevent matriculations at the National level where political influence has been develop and seen development grant consume and misappropriated by middlemen, rent-seekers and political cronies. We therefore respectfully ask all the provincial governors to take note of this very important issue, provincial governors must support the cause for the country to have the Papua LNG to developed in gulf province and for this projects to have strategic facilities with third party access, as these are very crucial both the short and long term industry of PNG in the gas projects development and commercialization stationary era.

Mr Speaker, our rationale no 5 is the advantages for the international oil company, and international companies and foreign investors.

Mr Speaker, benchmarked against other similar LNG projects around the region, Papua LNG remains the lowest cost projects to date and high quality with gas good heating value and best locations large Asian market, the oppositions strongly believes that the market driven, competitively negotiated and non-monopolized project with the central gas hub would minimize costs and risks and is fairly spread out. Once stranded, gas fields would then have a chance to be developed and pulled into strategic pipelines to feed the main LNG plant within gulf, causing downstream development of multiple inter-related industries.

Mr Speaker, with this, there is an opportunity for the creation of a consortium of gas developers International Companies, national Oil companies. National Government, Provincial government and private investors, in the Gulf of Papua regions, led by a creditable industry and market player who knows how to develop such a global commodity.

Downstream processing of the gas within the region is very vital for further growth in the petrochemical industry, gas to electricity, and the others such as methanol and urea for fertilizers.

Mr Speaker, these are again projects and industries of their own and will bring more foreign direct investment hence revenues into the national and provincial treasuries. PNG therefore cannot afford to disadvantage itself by allowing Papua LNG to be monopolized and not

Mr Speaker, since the discovery and development of Kutubu Oilfields in the late 80s and the recently 10.5 trillion cubic FEET PNG LNG projects 2009, by now we all would have realized that many of these petroleum resources have never been fully processed into the downstream products within the country, but are always sold in bulk and as volumes to clients overseas more than two hundred cargoes. Never once were these sources of energy sold on cheap domestic prices to grow national and provincial economies, such as the much discussed oil and gas for Domestic Market Obligation.

Mr Speaker, the true value of DMOS is that under such obligations the State has responsibility of insulating the domestic economy against external shocks such as a downturn in global fuel supply or a drop in global commodity prices.

The Opposition believe that the national government must commit ensure that developers of Papua LNG and the neighbouring fields agree to provide certain normalized percentage of the gas and condensate as Domestic Market Obligation.

Mr Speaker, Right now under PNG's Oil and Gas Act this is already a legal requirement.

This normalized percentage of the gas and condensate in the Papua LNG project must be captured in the gas agreement and must become the foundation gas for Example; for downstream Petrochemical projects and associated industry such as power generation.

PNG can't repeat the pass mistakes of PNG LNG projects such as deal between ExxonMobil and the State.

Mr Speaker, The opposition is reliably advised that the opportunity for PNG to use some gas for DMO in the PNG LNG was completely removed from the PNG LNG gas agreement and that simply places a special disadvantage on the State. This removal of DMO for PNG's internal use can be found in Section 12.3 of the PNG LNG Agreement with.

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This removal of DMO for PNG's internal use can be found in section 12.3 of the PNG LNG Gas Agreement which effectively applies also to future licenses. This is injustice and means that Elk Antelope field has new fields outside the PNG LNG are now subject to the same PNG LNG Agreement through the sub clause because ExxonMobil is now the main equity holder in this field in Gulf province should the National Government allow ExxonMobil to take over the Papua LNG.

Mr Speaker, arguably the PNG LNG has been hijacked deeming other opportunities impossible such as our own energy security. This new circumstance renders us ineffective to

develop our own country. We must know that the PNG LNG Agreement is not about the *Oil and Gas Act* nor is it about the *Constitution* of this country. And so why are we allowing the multinational companies to enjoy lucrative contractual agreements and special conditions at the expense of our own growth.

Mr Speaker, the Opposition stands firm in condemning this irregularities in the first PNG LNG Agreement as we see complete injustice to people of this country and this must not be repeated in the second LNG project. A precedence must be set in our local jurisdiction so that the multinational are put on notice that Papua New Guinea is not for sale when it comes to our price, oil and gas resources.

Mr Speaker, our rational No. 7 which danger of Papua LNG to be locked down to repay UBS loan. The Opposition is also gravely concerned with possibility of future revenues from the Papua Gulf LNG being locked up with the streams from the 200 shipments from LNG that have not even reached our coffers. This view stems from the interpretation that since ExxonMobil is now a key stakeholder in the Elk-Antelope Field, there is high chance for synergy of two LNGs plus the need for minimizing capital costs and rapid commercialisation of the field. It is possible that ExxonMobil may most likely use certain commercial clauses of the PNG LNG Agreement to draw in Elk-Antelope field into the same pipeline and into the LNG plant in Caution Bay. We are raising this possibility as the State risks billions of Kina in lost revenue if we fail to ask the questions based on our growing experiences in these sectors.

Mr Speaker, it that is the case and the Elk-Antelope becomes the third and fourth trains of the PNG LNG project, then PNG may possibly suffer as a bystander in the development and sale of gas to overseas investors. The Opposition fears the continued lock down of its gas revenues in well-known overseas accounts controlled only within the highly complex legal and commercial arrangements defined in the UBS transactions and subsequent bridge and collar arrangements.

Mr Speaker, the people and the government of PNG cannot continue to be deprived of our gas resource revenue and subsequent and potential benefits. We fear that gas revenues from Elk-Antelope field may risk the same fate as the revenues from the current shipments. Any new development must be fully vetted and understood according to our growing technical and commercial experience in these resource sectors. We must never again allow our future to be hijacked by self-serving interests of the political elite in this country.

What we have witnessed under the punishing conditions of the UBS Loan Agreement is the complete disregard of our national interests. The Opposition therefore aims to seek further legal clarification on this matter.

Mr Speaker, to avoid Elk-Antelope Field suffering the same fate as PNG LNG phase 1, it is highly advisable that the government declare that the Papua Gulf LNG remains a second standalone LNG project and must remain within Gulf province because of the need for maximisation of our many gas resources in our domestic and sovereign jurisdictions.

Mr Speaker, our rational No. 8, is the need to review *Oil and Gas Act* and also consider other forms of agreement in the petroleum industry. Since independence in 1975, PNG has never maximised its interests numerous lucrative natural resources projects from fisheries, forestry, and agriculture through to mining and petroleum.

Given the current review of the *PNG Mining Act* it is right time in our history to consider similar reforms to our Oil and Gas legislation.

### **35/07**

We strongly propose that a more commercially viable PNG Censored Arrangement replace the existing uncompetitive mechanisms and provisions that favour foreign investors over Papua New Guineans interest. A strong proposal that the Government of PNG must seriously consider is that Production Sharing of Agreement (PSA).

Mr Speaker, if existing forms of mega resource of investments due never work for us forty years on, it is high time that we consider others now before we lose all our resources. In saying this the Oppositions is proposing that Papua LNG Project should be covered through a production sharing agreement rather than Project rents collected through development course and capitalisation in that way whatever upstream and development costs the developers spend on this can be repaid at certain period of production and after that the majority share of the resource production be shifted back to the PNG Government, its people and the landowners.

Mr Speaker, this is a far better way than taking rightful ownership and what is legally and technically ours at the first place. A production sharing agreement is a far better way of improving the Gross National Product (GNP) of this country because we are in control of the maximum revenue from our resources, take for example Indonesia, they have been engaged in this kind of production sharing agreement since 1966 and this has positively affected their economic growth since the 60's.

Mr Speaker, Malaysia uses the PSA too and that caused the sudden rise of Petronat, the Malaysian Oil Company onto the world stage and diversified investments all over the world. If this are known successors of PSA's within the region close to us, what is stopping PNG from doing the same thing?

The Opposition when in Government will take better control of the revenues of our resources.

*(Laughter in the Chamber)*

**Mr SAM BASIL** – Mr Speaker, these resources are owned by us. Foreign investors are only given a paper license to extract and develop what is ours, these companies' rights are not absolute over these resources and as an Independent State we must determine for ourselves the path to economic independence. Our – No.9 needs to synergise the Gas Industry with Agriculture and Tourism.

Mr Speaker, with this period of Gas development and Commercialisation there is also an agency to re-invest the returns of this hydrocarbon sector heavily into agriculture and tourism of our country we cannot make excuses and wait for a better time to do this. The Tourism and Agriculture Sector are sleeping giants that has sustained rural income and livelihood without official and sustained Government Support.

There is solid proof that there has been positive impact on the National Economy on the Tourism and the Agriculture Sectors. It is open secret that the Tourism and the Agriculture Sector have traditionally carried our people during downturns of the economy.

Mr Speaker, the Opposition therefore believes that the Government must develop a clear road map to utilise the revenues from the first and the upcoming revenue from the second LNG to invest in these two core revenue earning self-sustaining factors.

There must be a strategic link somewhere that there is a synergy between these industry to support our economy in the current form of Petroleum Resource Revenues bulk of the money goes back to support the economies of these foreign countries whose companies operate here, the impact on our Gross National Product is very minimal to this project.

The talk of high gross domestic product (GDP) is very misleading if GNP is not doing well, which GDP is more of the measurement unit that businesses would be interested in, the focus of the Government must also be to equally increase the value of our GNP because the GNP also tells us how much of what we are producing belongs to Papua New Guinea.

Mr Speaker, GNP also tells us how much will remain here by understanding the measurement of the Gross National Product we can begin to understand how the human development impact affects us and begin planning to –

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**Mr PETER O'NEILL** (Ialibu-Pangia – Prime Minister) – I move –

That the Parliament take note of the paper.

Mr Speaker, firstly let me thank the good Deputy Opposition Leader. I understand he is now speaking as a shadow minister on the petro-chemical industry on the other side. I thank him for his contribution to this very important debate in a very important industry.

Mr Speaker, whilst I welcome the Opposition's platforms on some of the development proposals that are before us for some projects in our country I want to just remind us in this honourable House that we must be careful with what we say, especially on the facts that we present. It must be factual, not hearsay and not without any data before us to justify what we are saying.

Why I say this, Mr Speaker, is that sometimes it's easy to throw in emotional words that generate emotions within our public and our people. It is easy to do that. What you don't understand is that on the other hand you are also affecting other stakeholders who are going to invest millions and billions of dollars in this very important industry.

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That is going to create a lot of opportunities for our people.

Let us not forget, when we started the PNG LNG Project, how many thousands of people, Papua New Guineans got jobs there? How many landowners got benefits from that project? And how many businesses benefitted from this project? How the economy grew to close to well over three percent per annum? This is only from one project alone.

So, as leaders we must be very careful, I know it's easy to play politics and throw mud at each other but at the same time we have a responsibility to the nation, to protect its economy, it's investment climate and making sure that the investment opportunities for our people are genuine and real.

So, Mr Speaker, I just want to correct a few things and I will get the Minister for Petroleum and Energy to respond to this statement in a very detailed manner at a later date so that this Parliament can have an opportunity to see a balanced view of some of the key and pertinent issues that the Deputy Opposition Leader's has raised.

Today the Minister is at Hides talking to our partners up there, the landowners and of course the developer at Hide so he is not able to respond but let me start by saying this.



He is talking about history. Has history taught us anything? That's how he started his statement.

Well, history is very clear so let me say this to the nation. From 2002 the proposal before the government was that all the developers and everybody else wanted to take our gas from Hides, Kutubu, Moran and everywhere else all the way down to Gladstone in Brisbane. They wanted to export all the gas so we don't have an industry here, and they wanted to take wet gas, not processed. At that time nobody stood up except my own good Governor for Southern Highlands and the leaders of that province, for many years that argument went on.

Again, the rest of Papua New Guinea wanted to export wet gas to Queensland which will at that time, paid at the big industry for Gladstone and Queensland Economy. And then of course after 20 to 30 years later, we had the opportunity to develop our own LNG Project here in the country against the backdrop of LNG Projects that are developing within the region especially in Australia, when you have the Centrals Project in Gladstone, in Western Australia Gogon and up in the Northern Territory they are big 30, 40, 50 billion Australian Dollar Projects which are triple the size of our Project here in PNG.

So, for us it was the first plant LNG Project to be developed in the country and I give credit to the Somare Government. It is a foundation project trying to attract the best investment, best operators in the industry to invest in Papua New Guinea. We need to give credit where it is due, the circumstance at that time were very competitive market and some concession were needed to be given.

But, when you talk about issues like grand theft, Mr Speaker, these negotiations were done very publicly, 66 000 landowners participated in the negotiation and that was a historical negotiation, anywhere in the world you don't have 66 000 landowners negotiating for one single project.

Today we are arguing up in Hides because we as the Government signed this agreements that we do not honour giving false hope to our people and that is why we always get ourselves in the troubles, Mr Speaker.

But we are a responsible government, we will negotiate a way through so that we will give comfort and make sure that we agree to honour all the commitments; whether it was outrages or whether it was unfounded for it doesn't matter, we will honour it because the government of the day has made those commitments so we will honour it.

Mr Speaker, the history tells us that we have done the foundation project and it has been classed as a low cost, most efficient and on time, on budget anywhere in the world.

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So, Papua New Guinea's reputation as LNG producer is very high. That is why now you have two of the biggest LNG producers in the world competing for the Elk Antelope; two of the biggest LNG producing companies in the world, Total of France and ExxonMobil of United States.

These companies have experts who are telling us and advising the Government that we cannot build a LNG Plant in Gulf Province. We got our officials to check that fact and get an independent advice on it as well to make sure that what they are telling us is the truth.

So, I am not an expert in the LNG production or construction of an LNG company that I can go and say that listen, this is the cost so you should do it here. We are to attract US\$19 billion to US\$20 billion for this project. Therefore, let us debate issues on facts.

If there is a costing that the Deputy Opposition Leader and the Opposition are aware that this is going to be done in Gulf Province at a much cheaper cost then let us know so that we can renegotiate with ExxonMobil, Total and all the stakeholders and tell them that this is our assessment and it can be done cheaper. We are ready to accept that. But otherwise, we are going to chase the investors away which our country desperately needs today for jobs and other development opportunities.

When the Elk Antelope project complete, it will produce almost similar to the first LNG. And of course, last week when the question was asked here in Parliament, I said that the operator of the Elk Antelope Project is not ExxonMobil. The Government has already appointed Total as the operator, meaning that they will operate that particular field and not ExxonMobil because it operates the Hides, Gobe and Kutubu fields as we know.

Mr Speaker, so there is good competition and we all know that these are big businesses in the country, and they are not here to lose money. The fact is that they are here because there is an opportunity for them to make money as well. Our job is to protect our nation's interest making sure that we get our share; we get a beneficial share of that development that our country truly deserves. That is why we are not going to forego any of our rights. That is what I have stated in this Parliament. We are going to make sure that we maximise the stakes that we are able to achieve under the *Oil and Gas Act*.

Mr Speaker, only few days ago, I have stated very clearly that the Mining Minister is also now bring the new *Mining Act* which will clearly articulate and state in the *Act* the new benefit arrangements that are there for the nation and also for provincial governments and landowners and this Parliament will have the opportunity to debate.

Likewise, we are reviewing some of the things that we have done in the Oil and gas filed as well.

Mr Speaker, as many of you know, the first LNG project, it was only there to make sure that we secure the customers. Most of the LNG customers are Japan, Korea, China and Taiwan. Those are the very big reliable customers and they don't like one shipment to be missed because if we miss one shipment, the lights will go off in Tokyo so, they demand very strong terms that we must be a very reliable supplier. Otherwise, they will go to the Middle East or Australia to buy gas.

You can have all the gas in Papua New Guinea but if you are not reliable, they will not buy it from us. That is why, when we debate this kind of industry and its development, we have to be sensitive to our position. We must protect our nation's interest.

As I have stated earlier, our population is growing every day. We need to educate this people and make sure that they are productive, find jobs for them and make sure that they have a better standard of living. That is our job. As a government, we must do that and to do that, we must attract investors to come and invest in our country.

So, development proposal is not put forward to the Government for the Elk Antelope as it is today. Because Inter-Oil is just one partner and the shareholding is being sorted out.

**39/07**

There is a takeover bid on the table from Oil Search and from ExxonMobil. I understand that the shareholders of InterOil are now starting to look through that. Once they agree to it, then they say whether they want ExxonMobil or Oil Search to buy the shares then we will deal with that.

Therefore, as of today, there is still no proposal for Elk and Antelope on table to government. It just discussions that are going on. Once it is on table we will present it to Parliament so we can have a good look at it and we will agree to the way we will develop that field into the future.

Mr Speaker, you know, it is always easy sometimes to think that there are no management in the oil and gas industries.

Mr Speaker, let me say that the Department of Petroleum and Energy, although it is underfunded and that the industry is big and it that brings in a lot of revenue into the country they are still doing a tremendous job. For instance, the way they manage their license.

There are time bars to the licenses that are being issued. If you do not spend money, if you don't drill, if you don't do seismic testing they cancel the license and give it to the next

investor who wishes to spend money in the field and communities and trying to find whether we have got oil or gas in those fields.

The second reason, Mr Speaker, is that, this particular industry costs a lot of money, especially for the exploration and the drilling and it costs millions of Kina. So, when we are exercising our rights under the law we have to buy back sum costs. Today, we are also negotiating that with the developers in the country. For instance, what sort of sum costs are we going to pay? The reimbursement of their costs; whether the project didn't carry out and we delay our take because if they carry us that means that the dividends that they will pay to us will go to pay them first. So, we delay our take but our economy depend on the taxes we collect from this industry and the dividends we collect.

The notion, Mr Speaker, that the Deputy Opposition Leader continuously talk about in this Parliament, is that, where are all the revenues from the LNG gone to? That is a question that he always asks even though we give him the answers he tries to portray to the nation that there are millions of Kina or US dollars hidden somewhere in secret accounts.

Mr Speaker, this government has not opened one secret account in the Cayman Islands or British Virgin Islands unlike in the past.

Mr Speaker, the shares that we hold are held by Kumul Petroleum our State-owned company. There is an independent board and they receive dividends on a quarterly basis, every three months or so and when they balance the books they pay Kumul Petroleum the money. Then they declare dividends and to the consolidated revenue. So, the money goes from Kumul Petroleum which is our company and when the board of directors say that there are some extra money available then it must go to the account of the Papua New Guinea Government. Then we can pass it onto the Budget and pay for wages and everything and the shareholders are the people of Papua New Guinea its government.

So, over the past few years there has been some money slowly being paid to the consolidated revenue where the departments of Treasury, Finance and Planning manage that. And then they pay all the other expenses of government.

Mr Speaker, this is how it has been managed. That is the equity part.

Mr Speaker, on the other end, the taxation part, they pay it directly to the Tax Office. So, every month the Tax Office collects money and balance their books and then pay the money to the consolidated revenue.

Therefore, there are sources of funds that the government takes where it goes to the government account in order to pay for every Bill that we pass through the Budget on the Floor of the National Parliament. Therefore, there no secret accounts somewhere or in some bank

that somebody is hiding. So, my good friends on the other side have to try and tell the truth. If they on the other hand got access to a secret account, please, let us know.

Mr Speaker, only last week, the Speaker, on the Auditor-General's advice launched audited accounts of the government last week. Didn't you read it?

**40/07**

That is the official document lodged by the Auditor General of Papua New Guinea about the expenditure and all the revenues of all the government departments throughout the country. We can't go around and individually come and make a report. The Auditor General is the custodian of all the audits and that report was tabled last week therefore it is important that we get some of these things right.

Mr Speaker, to conclude let me talk about the domestic market obligation or DMO. The deputy Leader of the Opposition is correct in saying that the first LNG project we exported everything but he may recall last year that we re-negotiated a side agreement with ExxonMobil that we want to use some gas for domestic purposes. Today we have agreed to buy some gas for power generation in the country. We are now using that gas to generate power for Port Moresby and it is almost 25 megawatts of power. We are going to increase that to over 75 to 100 megawatts over that next few months and ExxonMobil is negotiating with PNG Power for the prices.

The idea is to use gas power because it is much cheaper than fuel. It is also cleaner and environmentally friendly. We intend to power our generators throughout the country and also use gas for cooking and other uses over the coming years. I agree that we must develop our petro-chemical industry in the country. That is why the Government has entered into an agreement with SOGICS a Japanese company to do a national plan here in Konebada Park. We are just waiting for the gas to be secured.

I think it is important to let the Parliament know that as a Government we now negotiating with ExxonMobil with the expansion of the P'nyong gas fuels. That is outside of the first LNG project but they are trying to bring it inside and we are negotiating the terms. The terms are not going to be the same as the first agreement. We are trying to secure more gas for the country and higher benefit ratio for our country. This is why the negotiations have been going on for well over 12 months. If I had to give away we would have done it 12 months ago. But as desperate as I am for the economy, I am not just going to sign on the dotted line because we have to give everything away. We will develop the petro-chemical industry in the country.

Mr Speaker that is the same approach we will take with Elk Antelope when we negotiate that and there is credit to the developers. There is an appetite for them to participate in this discussions where they know Papua New Guinea wants to develop the domestic industry and we will participate there. There are some good feeling coming from them. As soon as we have a developed proposal on the table we will then negotiate domestic market obligation and make sure that we use our gas to drive the industrial and manufacturing industry in our country and that is the way forward. We are happy that the Opposition is also talking about that as well.

Mr Speaker, the Opposition has already got the UBS Loan in court. They have taken it up with the Ombudsmen to court and have lost and they too will lose in court again. The truth will always prevail and reveal itself. It is easy to jump up and down. As I said earlier, when the Somare Government went and got the IPIC loan, I didn't see honourable Don Polye complaining. That was a loan with a much higher interest and that was a loan with a much different loan and on unfavourable terms. But today he jumps and screams every time the UBS loan is mentioned.

Mr Speaker, for the record with the IPIC loan we mortgage everything in the country like our air line, Telecommunications, our ports including the shares in Oil Search. When the Arabs decided to keep it and we agreed that we will give it back but when they decided to keep it we had no choice.

**41/07**

Mr Speaker. This is our resources, Oil Search is our biggest employer, tax payer and biggest business in this country. Do you want foreigners to continue to own it?

I think any thinking Papua New Guinean wants to own their own resources and I don't think I am in the minority when I think like that. The majority of Papua New Guineans want to own their own resources.

Oil Search today owns most of the exploration licences in the country and if they find gas somewhere we are automatically in there. Today they are a partner with the PNG LNG where they own 30 per cent and out of that Papua New Guinea people own 10 per cent.

They are also a third partner in the Elk-Antelope project and because of our 10 per cent in shareholding we also own 10 per cent. So we own some shares both directly and indirectly.

Mr Speaker, the loan, as far as I am aware is somewhere between US\$ 750 million and that is today. I didn't mortgage the entire country, I only mortgage Oil Search shares. There is no government guarantee, there is no mortgaging of all the other assets.

Mr Speaker, today the Oil Search shares are close to AU\$900 million Australian dollars. You look at the share prices.

So, it is fairly well covered. It's not as if we are paying the world to try and hold on to these shares. It's not about pride, it's not about ego, the directors of Oil Search are not my uncles or my relatives that I want to make them look good.

Mr Speaker, I wanted to my country to own these resources. That's why we are acting the way we are doing in the mineral sector and the oil and gas sector.

Mr Speaker, the future generations will judge us, whether we have made the right decisions or not. But one thing I will do is that I will stand by that record.

If this wealth disappears tomorrow there's nothing to show for it. There's nothing to show for it. We have developed Bougainville in the 70s but when it closed down our economy collapsed because we were depending on one mine.

Mr Speaker, we must learn from these kinds of experiences, we must never depend on other people, we must depend on ourselves only. Our resources will disappear one day, they are not going to be around here. If we do not create wealth for our country there will be nothing for us.

That is what we are doing but, Mr Speaker, I want to say that on the issues that the Deputy Opposition Leader has raised, I will get the Minister for Petroleum and Energy to make a detailed statement so that the Parliament can debate it properly.

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

Motion – That the Parliament take note of the Paper – agreed to.

## ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 4.40 p.m..