

THIRD DAY

Thursday 28 September 2017

DRAFT HANSARD

Subject:

Page No:

| | |
|--|-----------|
| QUESTIONS | 2 |
| Funding for Rural Hospitals | 2 |
| Increase Health Workforce..... | 5 |
| Explain Delay on Road Works | 9 |
| Improve Provincial Works Department..... | 9 |
| Kiunga-Tabubil and Tabubil-Teleformin Roads | 12 |
| Act on Recommendations – Commission of Inquiry | 14 |
| SUSPENSION OF STANDING ORDERS – | |
| EXTENDED TIME FOR QUESTIONS | 16 |
| GOVERNMENT PUBLIC FINANCE (MANAGEMENT) REFORMS – | |
| MINISTERIAL STATEMENT – MOTION TO TAKE NOTE OF PAPER..... | 18 |
| ADJOURNMENT..... | 26 |

PARLIAMENTARY DEBATES
CORRECTIONS TO DAILY DRAFT HANSARD

The Draft Hansard is uncorrected. It is also privileged. Members have one week from the date of this 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, A1 - 23 (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 corrections.

Amendments cannot be accepted over the phone.

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

A handwritten signature in black ink, appearing to be 'LEE SIROTE', written over a horizontal line.

LEE SIROTE

Acting Principal Parliamentary Reporter

THIRD DAY

Thursday 28 September 2017

The Speaker (**Mr Job Pomat**) took the Chair at 10.00 a.m.

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

Sitting Suspended.

The Deputy Speaker took the Chair at 10.55 a.m., and invited the Member for Pomio, **Honourable Elias Kapavore** to say Prayers:

'Let us pray: Papa God lo Heaven, mipela tok tenkiu lo dispela dei and commit all our lives to thee. Lord we thank you that you are our God and there is no God like you. You are all important and all powerful God.

We thank the Lord for giving us this great nation, Papua New Guinea for the years on and we continue to survive despite a lot of challenges with Lord we know that you are with us.

Today as we deliberate on the discussions, the issues of our nation, Lord we pray that you lead our Speaker, the Prime Minister, the Opposition Leader and all the Members of Parliament as we deliberate on the discussions of this today.

We also commit the public servants and all our people throughout this country. Whatever the challenges that they are facing today, Lord you are with them. We pray that you will continue to lead them, guide them in everything that they do throughout this day.

Father we thank you and ask you to continue bless all Leaders of this Parliament and everyone sitting here today. Amen.'

QUESTIONS

Funding for Rural Hospitals

Mr SASINDRAN MUTHUVEL – Before I ask my question, I would like to congratulate you for becoming the Deputy Speaker of the Parliament.

I would like to direct my question to Minister for Health.

I know that the Health Ministry is heavily trying to convince all provincial governments to adapt the Provincial Health Authority but I would like to ask the Minister; what is the effectiveness of this Provincial Health Authority?

Mr Deputy Speaker, based on some personal experience since the Provincial Health Authority was established it has been focussing on the main provincial hospitals or the general hospitals. Through experience, I know that the aid posts and community clinics are not getting enough benefits therefore are suffering in the rural areas. There is also a confusion in the roles of looking after the rural aid posts and the districts hospitals between the provincial governments or the authority takes over. Who takes charge? The provincial government or the Provincial Health Authority?

Lastly, how well can the recently announced K300 million support from the Asian Development Bank for health projects help rural hospitals?

Sir PUKA TEMU – Thank you Mr Deputy Speaker, I too would like to congratulate you on becoming the Deputy Speaker of our Parliament. I also thank the Governor of West New Britain for his questions.

The Parliament knows that we passed the Provincial Health Authority legislation in 2009.

02/03

Under this legislation Provincial Health Authority establishment is on volunteer bases that is why the Ministry and the Department of Health did not go ahead to establish the provincial health authority throughout the Nation.

Now, that I have been give the portfolio of Minister for Health and HIV/AIDS. The mid-term review has revealed that the establishment of this Authority has proven to be effective. Currently, the public hospitals in each province have their own duties under the Hospital Board and Rural Health, under *Section 42 of the Organic Law*. When we passed the *Health Administration Act* definition of Rural Health is Aid Post, Community Aid Post and

District Hospitals this is because a function of the Provincial Government. So, other than these 10 provinces, those who do not have an established Provincial Health Authority, you are operating under this Law. So, the hospital is on its own and the rural aid post all the way to the health centres are all under the provincial government responsibilities.

I am going to remove these two systems and we will follow the establishment of a Provincial Health Authority because the report states that the outcome of the Authority is very good, and improvement have been made under the health indicators are showing on this new law. So, as the Minister of Health, I am going to support it and last week I wrote letters to each governor.

Now, under the O'Neill-Abel Government, we are going to facilitate the establishment of Provincial Health Authorities by June next year. All provinces in the country will have a Provincial Health Authority because I believe that one system is better than two system. For example; issues like provincial health functional grants, some provinces are receiving K7 million to K10 million which is a lot of money. With the Provincial Health Authority, the functional grants grant is not reaching the Provincial Health Authority so they are suffering.

Our aim is to get the resource envelope in Health like the health functional grant to come underneath the Provincial Health Authority where there is a CEO and a Board in place to take care of the Aid Post all the way down to the District facilities and one authority to take care of the hospital which I think is more better rather than two systems bidding for resources that we do not have and therefore the efficiency and effectiveness is not there.

As the Minister of Health and HIV/AIDS, I am going to push the establishment of Provincial Health Authority and I want you to help me establish them so when we negotiate in the Budget, through partners like Australian Development Bank (ADB). We can focus these resources to effectively buying drugs, delivering immunisation, controlling TB, malaria and many other sicknesses that you are aware of. And many of us are exposed to the criticism when you are not delivering health services at this different levels.

My first priority is that by June next year all provincial health authorities must be established. We will look at some of the provinces with your special geopolitical situations carefully but the trust is that I will make sure that Provincial Health Authorities are established. The experience of West New Britain as explained by the Governor is not unique.

03/11

Different authorities will always fight because as a nation we have proven that we are not able to accommodate big reforms very quickly and this is a major reform. In the experience of West New Britain, the provincial health authority is focusing on major hospitals only and now they are forgetting about aid posts and health centres throughout the rest of the province, which is not the way it should be. The CEO must manage the entire health system, hospital plus rural health.

The board chairman of the Authority must make sure that every aid post is accommodated in the province. It's called a provincial health authority. I will make sure that those CEOs and the board members that are only focusing on major hospitals will be held accountable. I will make sure that they support the entire health system in the district.

I am now calling upon the Governors, please help me facilitate the establishment of the PHA and I also appeal to Open Members to help the PHAs to help re-open aid posts that are closed. I know many of you are committed to the health sector and I want to thank you for your support in the health programs at the DDA level. As you know under the DSIP finding there is a specific percentage that you must spend on health, but under the DDA structure it's mainly infrastructure support and 10 per cent of that is for administration cost.

We have a dilemma, which Mr Deputy Speaker, I want to resolve.

Firstly the Treasurer, Minister for Finance, the Governors and provincial administrators please –

Mr John Simon – Point of Order! The Minister is making a speech. Is this supposed to be a statement, or a question? He should just answer the question.

Mr SPEAKER – Your point of order is out of order.

Sir PUKA TEMU – Thank you, Mr Speaker. I want to clarify this but I will be making a statement in the next session of Parliament. I want you to know the way we are thinking because it is very important. The health functional grants, we want to move them away from the provincial administrations to the provincial health authority, so that this fund is supporting the PHAs to plan for health programs and delivery and support to the entire health system in the province. I have already requested that so those ten other provinces that have

not yet established your provincial health authorities, if we can work together then that is the structure under which we will operate.

We will make sure that board members are recognised and recommended to me and as the CEO recognized, so we can appoint them. We will also restructure the resource envelope, particularly the health functional grant so that it is stream lined under the authority so we can have one vehicle in health. .

Mr Deputy Speaker that is the answer I believe the Governor wants. On the issues that he has experienced in West New Britain, all I will say to the Governor and leaders in the province is, let's make it happen. It is a law already established and I want us to deliver this; law because, we believe from the review that has just been concluded, it's better than what we have been operating under over the last 40 years.

Thankyou Deputy Speaker.

Increase Health Workforce

Mr LINO TOM – Mr Deputy Speaker, I congratulate you on your appointment.

Whilst the Health Minister has touched on a few health issues. I have a few questions I would like to ask the Health Minister and I congratulate you on your appointment as the Health Minister.

04/03

I think it is timely. In your capacity as the Health Secretary you brought forth some reforms which were helpful to this country.

But unfortunately, in the last few years as you know, the health system has crumbled. While the PHA was a good Act that was brought in, some provinces with PHA are still facing problems.

Mr Speaker, people with medical background know that the only way to improve health institutions in this country is to increase the workforce. It is evidently clear throughout the world and therefore, I urge the Minister for Public Service to take note.

We do not need to buy more medicines nor build more facilities. We need to increase the health workforce and that is basically the problem for PSA.

We have all the workforce working at the hospitals in the centres and there are no people working at the district level. I have worked at the district hospital with only four staff and it was a challenge.

My questions are:

(1) As part of the economic reform plan, there will be cut on health workforce. Has the Health Minister or the Public Service Minister brought forward to the Cabinet any proper strategy to address our health issues in the country apart from all the rest?

(2) Has the Minister brought forward to Cabinet any submission to increase the health workforce in the country?

We know that the University of PNG's Medical Faculty is losing a lot of its experienced lecturers in this country. They have a paper submission before the Minister's office and before the government to increase their package. As we all know they do extra work because they take on on-call duties as well. So we need to consider their entitlement package in order to maintain all the good lecturers for the future. We need to be in par in terms of knowledge.

Sir PUKA TEMU – Thank you Honourable Member for Wabag and congratulations on your election as a Member who has a very strong medical background. At least there are three doctors in the House.

The questions are very critical and those are the issues that we as a nation have been suffering from.

As he mentioned, as a health secretary, I was working on a long term health workforce plan. The challenge was that the University of Papua New Guinea's Medical School did not have the capacity to graduate more than 15 doctors.

When I was a medical student we were graduating only 15 doctors a year. However, that number has doubled today to 30 which is not enough. That is why when you walk into the hospital, there are less doctors and more patients. Many patients die while waiting to be treated. Those are the realities so in recognising the shortage, Mr Deputy Speaker, there are three decisions that have been made; one in the last term of Parliament and on-going.

05/03

As you recall, those of you who were in the last term of Parliament, under the O'Neill-Dion Government all the nursing schools have received funding in the budget directly. And since these infrastructures have been developed under that funding we have now at least improved the capacity of those nursing schools to recruit more teachers and also have more spacing for nursing.

Nursing is the biggest health workforce in the nation, but unfortunately, that cadre of health workers is still low. But, I commend the Prime Minister for taking the initiatives in the last term of Parliament to focus on directly funding not just the nursing schools but also hospitals as well. With these sort of support and efforts, when you walk into the Port Moresby General Hospital today it's completely changed. Not like before when I was practising medicine there. I visited the hospital yesterday, and noticed that all the facilities in all the rooms have improved greatly such as emergency room, intensive-care unit and also Sir Buri Kidu Heart foundation has improved.

We are looking at establishing a standalone Cattel-laboratory facility to cater for heart-attack and also kidney failure issues. Because now a days this problem has increased and there is a big need for dialysis and more so people are having strokes frequently and we need a rehabilitation centre for it and the new treatment modalities for strokes are now available.

When you have a stroke and it's proven to be a blockage then treatment is available to resolve that blockage.

We need to bring those facilities into our country to make Port Moresby General Hospital a level seven hospital.

Mr Bryan Kramer – Point of Order! The Government has approved K430 million increase in Public Service Emoluments. The question was, are there any immediate plans in the Supplementary Budget in relation to increasing the number of workforce in the districts and rural communities?

Sir PUKA TEMU – Mr Deputy Speaker, I have already answered it. The Government has given improvement to nursing colleges in the last term of Parliament and we are going to continue so that the numbers of intake by the colleges will address the issue of the shortage of numbers.

Nursing is the biggest workforce and we have a big shortage in the nursing category so we are focusing on improving nursing colleges. And it has been taken care of and it will continue in the next five years during this term.

Now in terms of the shortage of doctors, the Prime Minister has announced the establishment of a separate university to cater specifically for Health and Health Sciences rather than just a Medical Faculty which comes under UPNG.

For instances, if teachers can have their own university in Goroka, then we have a big health workforce that requires a dedicated university to make sure that we have enough health workers. The number of doctors per year is 30-50 per year but we want to increase it to 150 per year so that we can have sufficient different categories of health workers. We could become a health workforce exporting nation to our neighbouring nations particularly under the PIF. There are ongoing discussion on how the PIF nations can work together to work on the human resource development in the country.

Health workforce plan is already in the 100 day work plan and the Cabinet will approve it next week and announced. But it's one of those issues that we need to properly focus on how many health workers does this nation need in congruence with the population growth rate.

06/03

Two weeks ago, I went to the Divine Word University and officially opened a new medical faculty it can accept new intakes for medical students.

Right now, we are working on the number of new intakes for next year. And as you know we don't do it overnight, it requires collective ideas on how to make it happen in terms of resources and facilities to build our own capacities.

With the issue of wages, doctors are well paid compared to other public servants and other professionals.

As for the Lectures at the Medical Faculty, they are allowed private medical practising hours; which means that they are allowed to practise in other private medical clinics or hospitals so that they can generate their own income apart from being full-time lectures at the Medical Faculty.

No overall submission has been submitted in regards to the increase of salaries particularly for Lectures at the Medical Faculty.

Domestic market allowances and overtime allowances for practising doctors are matters that concerns by the National Doctors Association can negotiate with the Department of Personnel Management.

Both domestic market allowances and overtime time allowances have been increased significantly. And medical lectures are allowed private practise hours so that they can generate extra money especially over the weekends.

Explain Delay on Road Works

Mr PETER NUMU – Thankyou Deputy Speaker, on behalf of my six hundred thousand people of Eastern Highlands Province, I wish to congratulate you as our Deputy Speaker and also the Speaker, the Prime Minister, Deputy Prime Minister and the Opposition Leader for being elected respectively.

My questions are directed to the Minister for Works and Implementation.

This is in relation to the alternate highway, which leads from Kamaliki in Eastern Highlands Province to Chuave in Chimbu Province.

This alternate highway was funded by ADB and for some reasons the construction of the road has come to a complete stop at Unggai and has not reached Movi in Chimbu Province yet.

Mr Deputy Speaker, this alternate highway, will surely save our country's money in a big way. This is because Daulo-Pass road has experienced a lot of landslides during wet season and a lot of money has been used on these portion of the road.

My questions are:

(1) Can you explain to this Parliament why this ADB funded road has come to a complete stop?

And the other issue is in relation to procumbent process of *Public Finance Management Act*, particularly to do with construction of roads which is a time consuming and an expensive exercises.

Improve Provincial Works Department

(2) Can the Government through your ministry in consultation with Department of Personnel Management holistically empower our Provincial Works Department with proper machineries and equipment and employ more qualified civil engineers and labour forces for road constructions and maintenance around the country? And that can reduce the burden of spending more funds on roads. We only have five years to be in this Parliament to serve our people and time is limited.

And some of these private road construction companies don't do their job on time.

07/03

So can the Government, through the Works Ministry look at working with the provincial governments to empower our provincial works divisions?

Mr MICHAEL NALI – Thank you Mr Deputy Speaker. I wish to thank the Governor of Eastern Highlands for these two important questions.

First of all let me congratulate the Governor for gaining the confidence of the people of Eastern Highlands by being mandated to represent them in Parliament.

In answer to your first question, the road from Kamaliki, Chuave and Elimbari is in the government's plan and is included in the Asian Development Bank program. This road is in tranche four. We are implementing tranche one, two and three while yours is in tranche four.

As soon as we have implemented these other ongoing tranches, we will look at tranche four and it includes Mr Deputy Speaker, your road from Nipa to Lai Valley and Mendi. The contracts will be issued shortly so it is a good news for you as you preside over our sitting today.

A problem that we have is that ADB has been very kind to us, their portion of funding is there and on top of that, PNG Government also has a component to meet. The Government of Papua New Guinea is doing is it is putting money in to ensure that our component is there.

For example, yesterday we approved the Supplementary Budget in which the Department of Works received K51 million, some of which will go to fund the shortfalls in the ADB programme.

So in that context you are lucky, our people are lucky and those of us who use the Highlands Highway are lucky that this road has been taken on board and it is a priority project so, the answer is yes, it is still on the drawing board.

On the second question about procurement processes and to shortcut processes, the Department of Works is an old department and I have just gone in but I am impressed with the way it is run. We are not the only ones running it, we also have donor agencies and representatives of our major financiers in there working together.

The procurement process is very important because we have to award these contracts to qualified contractors and make sure that the designs are done properly. We are talking about public money, taxpayer's money and donor money so I think the procurement processes and the manner in which contracts are awarded should be scrutinised properly. Anything below K10 million is the limit by which the Central Supply and Tenders Board awards and anything above that is done by the NEC.

Mr Deputy Speaker, while I have the opportunity, I also wish to inform Parliament and the people of Papua New Guinea that the PTB or Works setup we have all over Papua

New Guinea is now in the intensive care unit. I don't know, but doctors say that they give it life support or whatever. Well, there comes a time when the relatives of that patient will give authority to the caretakers to unplug the life support and let the patient die. We are in that situation. All the facilities of the Works Department are all over the country.

08/03

Mr Speaker, all the provincial governments have established their Works divisions. Secondly, all the Members of Parliament have purchased their own equipment for their district Works divisions to implement projects in their electorates.

Mr Speaker, I thank the Governor for raising this question because it also gives me the opportunity to inform Parliament that the taxpayers and the Government of Papua New Guinea spend a lot of money to buy equipment through the PSIP and DSIP. Even before that, many Members of Parliament have bought equipment for their district Works divisions but now I do not know how many of these are still in the respective districts.

There is a trend that when a Member loses his or her seat in the election, the machines or equipment also disappear. One excavator costs about K500 000, caterpillar machine costs another K25 000 on top of the cost of excavator, bulldozers costs more than K300 000 and backhoes and other 10 cubic-metre trucks cost about K420 000 each.

So, your estimate will not be too far from mine. The amount of money going into paying for the equipment that disappears when a particular Member loses in the election is unbelievable so I think that –

Mr Bryan Kramer – Point of Order! With due respect to the Minister, I believe he has adequately answered the question in relation to the provincial works tender processes so we should move on to other questions.

Mr DEPUTY SPEAKER – Allow the Minister to answer the questions properly. Go ahead Minister.

Mr MICHAEL NALI – Thank you Mr Deputy Speaker, I really do not know about the equipment that the Member for Madang Open needs to construct his road infrastructures in his electorate. I do not know how many he has left or in what condition they are in but this is a serious problem. We are talking about people's money and now we have to come up with

a new strategy to ensure that millions of kina spent on equipment are protected. For instance, on average, K5 million spent by each districts and provinces on equipment multiplied by the number of districts and provincial governments, can you tell me how much money we are losing?

That is why, it is time to propose some changes to safeguard this process. We should prevent Members from establishing construction companies in the districts and establish small works divisions in the districts because it is for the people. If we establish them properly, it will be effective.

So, I think I have answered the two questions that the honourable Governor has raised. Thank you, Mr Deputy Speaker.

Kiunga-Tabubil and Tabubil-Teleformin Roads

Mr JAMES DONALD – Thank you Mr Deputy Speaker, on behalf of the people of North-Fly, I would like to thank the Minister for Works taking this stand. My supplementary question relates to the questions raised by the Governor for Eastern Highlands because it concerns road infrastructure and it is very critical I need to raise some issues.

I wish to direct my question to the Prime Minister but –

Mr DEPUTY SPEAKER – Then it will be a new question.

Mr JAMES DONALD – Thank you Mr Deputy Speaker, I will direct my question to the Minister for Works but I would like the Prime Minister to take note because these are some of his commitments.

If the Prime Minister can recall, in 2014, he went to Tabubil, Western Province, and made some commitments on some of our roads and as the Minister responsible, I think you should know. I was a council president at the time and I welcomed him with traditional singsing. During this occasion, he made a commitment to seal the Kiunga-Tabubil road but it has never taken place and now, we are in the new term of Parliament. There is another commitment he made for the Tabubil-Teleformin road but I do not know when it will eventuate. K10 million was committed but I don't know where this money because there are no roads to showcase?

09/03

I do not know how many kilometres has already been constructed and the Minister for Defence needs to tell us because he is the Member for Teleformin.

The Prime Minister also made another commitment to rehabilitate the Daru Road. Daru is one of our headquarters but there is hardly any development there. He made a commitment to fix those roads and I do not know when this Government is going to honour its commitments.

Before I finish, I must appreciate the initiative to rehabilitate the Works Department. In my district we have put a total stop on all street contractors. I am going to support the Works Department because this is department for our people.

Many of us politicians with our cronies have formed all sorts of street contractors. What the Minister is saying is very true. These street contractors run away with money without doing any proper work for money's worth. We must do away with them and I totally support the Governor of Eastern Highlands. I think that is the way we should go.

Mr MICHAEL NALI – I thank the Member for North Fly for his questions. I grew up there so I know about the problems there.

This question is a very sensitive question so I must be honest that I just went in and therefore, I am new. I need to get some more information for you. However, for the Tabubil to Teleformin Road, I am aware it is on our program but I am not too familiar with other programs. They could be under the Ok Tedi Agreement or under the PNG Sustainable Development Ltd, I would not know. But if it is okay with you, Mr Deputy Speaker, I would like to ask the Prime Minister to further elaborate on these issues.

Mr PETER O'NEILL – I thank the Member for North Fly for his question.

It is true that we made a commitment to seal the road from Tabubil to Kiunga. It is a road where many people are living near the road. It is an old road and they sealed only parts where there are villages but not the entire road. We are working closely with Ok Tedi to do that under the Tax Credit Scheme.

Mr Deputy Speaker, also on the issue of the road from Tabubil to Teleformin. I am led to believe that it has already started. The contractor Star West has already started work and the first 4 or five kilometres has had some work done. A very strategic bridge has already been built. I am pleased to say that some work has progressed there.

With the issue about Daru, Mr Deputy Speaker, is that we are not wasting money like PNG Sustainable Development Ltd has been doing for so many years. About AUS \$200 million was wasted on a port that never existed and it was just to do studies. This AUS \$200 million is about K600 million that was wasted on all kinds of experts. They just stole that money. This money belongs to the people of Western Province and they know about it. This money could have been better spent on their roads, sewerage or proper water supply for them.

Mr Deputy Speaker, I have directed the Water Board and they have recently put out a public tender.

10/03

I have taken the initiative of directing them myself and as soon as we have funding available for the non-CMCA and CMCA we will redirect that to make sure that we fix Daru Town once and for all.

So, Mr Speaker that is happening.

Mr PETER YAMA – Thank you Mr Deputy Speaker. I take this opportunity on behalf of the people of Madang to congratulate you for taking up this position as Deputy Speaker of Parliament.

I wish to seek leave of the Chair to ask a series of questions to you and ask that the Prime Minister and the Leader of Government Business take note of the questions.

Mr DEPUTY SPEAKER – Go ahead, leave is granted.

Act on Recommendations – Commission of Inquiry

Mr PETER YAMA – Thank you, Mr Deputy Speaker.

My questions are as follows: In this Parliament in every instance in previous parliaments up until now, Prime Minister, former prime ministers, leaders of the Opposition, deputy prime ministers, and former ministers of State, some are deceased while some are still alive, all come to this Parliament to discuss issues arising.

As I have heard yesterday, we continuously say that the culture of corruption is inherent in Parliament. The culture of commissions of inquiry is in Parliament and yesterday, we heard the learned counsels querying the Prime Minister on that. Both sides of the House seem to be making counter-accusations on these issues time and time again.

Previous Prime Ministers and the current Prime Minister have made many decisions already in this House to set up inquiries. Inquiries after inquiries using tens of millions of kina have been set up. All of those inquiries such as the PNGBC Inquiry, Sandline Issue and others were conducted by former judges from both Australia and Papua New Guinea, many of whom have passed on. The inquiries have been completed, decisions made, recommendations made and reports submitted to this House and yet, no action has been taken.

My question is, when will those recommendations stemming from those inquiries be acted upon? The people who initiated these inquiries, many of whom have pilfered money belonging to Papua New Guinea, many of whom should have been arrested and charged by now, we are preventing this. We continue to cover up for those people and leave the reports in Parliament. This is the bloody highest office in the land.

Sorry, I withdraw the word 'bloody'. I don't want you to ask me to withdraw it so I just withdrew it already.

We need to seriously consider bringing all those recommendations to Parliament and deal with them, or otherwise, Prime Minister, through you and the Leader of Government Business, find a way for us to take action.

Those recommendations are sitting there filed away but every time we come to Parliament, we call for new commissions of inquiry. I have heard sentiments echoed in both sides of the House seeking commissions of inquiry. How many commissions of inquiry are we going to set up before we will get results?

There will not be any results so it is a waste of time coming to Parliament and calling for inquiries.

The question, Mr Deputy Speaker is, when will we get the results of the numerous commissions of inquiry that have conducted over the years?

Mr DEPUTY SPEAKER – Honourable Governor, we will reply to your series of questions in due course.

11/03

(Members interjecting)

SUSPENSION OF STANDING ORDERS – EXTENDED TIME FOR QUESTIONS

Motion (by **Mr Thomas Pelika**) agreed to –

That so much of the *Standing Orders* be suspended as would prevent the time for questions this day being extended by 20 minutes

Growing Rice in the country

Mr THOMAS PELIKA – Before I ask my question, I want to congratulate you on your appointment as the Deputy Speaker.

I also want to congratulate the Prime Minister and all the Ministers on their appointments. My questions are directed to the Minister for Agriculture.

The first question is in regard to rice. Papua New Guineans are consuming more rice than garden food. The Trukai industries has publically announced that it was farming rice but I don't see any rice farm in Morobe province. We have continuously stated that our country has no money, and we spend almost K700-K800 million to purchase rice overseas to feed our people.

(1) If we have the money, do we have plans to start growing rice in the country?

In terms of coffee, there's a lot of coffee growers in rural areas. For instance, Menyamya in Morobe, we grow the best organic coffee in Papua New Guinea.

(2) Does the Minister have any plans to assist agricultural activities in rural areas thus assisting the people in their villages?

Mr BENNY ALLAN – Thank you, Mr Deputy Speaker, I want to thank the Member for Menyamya for these two very important questions, the first relating to rice.

Mr Deputy Speaker, rice has become a staple food for Papua New Guineans and we cannot deny that. In Papua New Guinea, the biggest rice importer is Trukai Rice. It imports over 300 000 tonnes a year and we spend over K500 million on rice annually.

Mr Deputy Speaker, starting last term, this Government has tried to initiate rice production in this country. As for the rice industry in Papua New Guinea, Trukai Rice has been in the country for 47 years and it holds about 70 per cent of the market and the 30 per cent is shared by other players. Trukai Industries has started planting rice in the Markham Valley near Umi Bridge on 400 hectares of land. The locals are being involved with the

support of our local Member. It will extend to 2000 hectares and with that we are expected to harvest 20 000 tonnes.

12/03

We urge all players in the rice industry to grow rice locally so that it will reduce our imports and increase local production.

We have other players coming on board and they are Homestead who is a second biggest player and Naime who is new to the industry. Naime is trying to do rice production in the Central Province and we have an agreement in place. We are looking at that agreement closely in terms of the two issues raised on quota and the tax concession. So once we address these issues we will have Naime also on board growing rice.

Mr Speaker, we want to increase local production because we want to involve our people especially creating SME opportunities for them.

In regards to the second question on coffee and other commodities in the country, this Government has emphasised agriculture under the Alotau Accord as State's priority. So those of us here in the Government have to support the Government policy in term of growing the economy.

We have under the DAL two programmes. Firstly, we want to partner with the districts to grow the commodities and increase production. We want to encourage coffee nursery.

Secondly, we encourage those coffee growing districts and provinces to partner with the Department of Agriculture and Livestock. We will do the same for the other commodities like cocoa and others.

So we have two programs and that is to rehabilitate the run-down plantations and secondly to do nursery to increase our production. We will be giving out guidelines to all of you to look at it so that we can get ourselves prepared. When we get our DSIP, part of that money should be invested into agriculture sector partnering with DAL.

Mr Speaker, 18 provinces grow coffee in Papua New Guinea that supports 450 family and that equates to 3.3 million people. Coffee's annual return is at K5 million. In 2016, our export hit the highest mark when 1.1 million coffee bags were exported.

On the world market we only supply one per cent. Like cocoa, copra and rubber, coffee is one of the important commodity. So we want to work together with the provinces, governors and local members to try and include our production through the two programs that we have.

So Member for Menyamya, we will be working closely with you. We want to encourage all of you to work together with DAL so that we can grow our economy.

13/03

**GOVERNMENT PUBLIC FINANCE MANAGEMENT REFORMS –
MINISTERIAL STATEMENT – MOTION TO
TAKE NOTE OF PAPER**

Mr JAMES MARAPE (Tari-Pori – Minister for Finance) – Mr Deputy Speaker, I rise in my capacity as Minister for Finance to present a ministerial statement as per the Notice Paper for today.

Mr Deputy Speaker, I am pleased to have this opportunity today to outline to the Members of this House the government's record in as far as Public Finance (Management) Reforms over the last three to four years are concerned.

It is a record of significant achievement and advancement in as far as the Government's *Public Finance (Management) Act* is concerned. I will be the first not to prevent for a moment that there are not many challenges that continue to lie ahead and as much needs to be done in as far as improving our public finance reform is concerned. But whilst saying this I have every reason to feel confident that the experience of the last three or four years sees us very well placed to continue to maintain the pace of Public Finance (Management) Reform in this country.

Mr Deputy Speaker, what does this really mean in practice? What does strengthening PFM mean for our country, for our people; for our future?

Mr Deputy Speaker, let me assure you that the programme of Public Finance (management) Reforms being led by this government is a very big deal indeed with enormous and transformative potentials for this country.

Strengthened Public Finance Management is already seeing major gains in efficiency, transparency public accountability in public sector accounting and budgeting. In turn these achievements are underwriting a capacity to deliver to grassroots development objectives of our people through more streamlined and effective delivery of programmes and services nationally, to the provinces, to the districts and to the local level governments.

Mr Deputy Speaker as I stand before you, Public Finance Management Reform momentum is high, achievements to date are real and significant, cooperation and

collaboration between government departments on the one hand and between national and provincial interests on the other hand in the common cause in advancing the quality of Public Finance Management in this country is at unprecedented levels and there is much positive about it.

But the PFM story has not always been a positive one, Mr Deputy Speaker. Poor state of Public Finance Management in PNG over many years is well understood and it has been extensively reported.

In 2014 the government decided to take a Whole-of-Government approach to address the parlous state of public financial management in PNG.

In 2014 at NEC's direction my department led a multi-department team of government officials in conducting a wide ranging self-assessment of PNG's public finance management systems and frameworks.

The assessment was based in internationally recognised Public Expenditure and Financial Accountability (PEFA) framework developed by a consortium of multi-lateral institutions and donors over many years.

The objective of the PEFA assessment was to measure the performance of PNG's public finance management system. This self-assessment was then augmented by an independent external review of PNG's PFMA led by the International Monetary Fund drawing on the same PEFA framework.

The self-assessment and external reviews were self-examined jointly by IMF's reviewers' panel comprising of development partners, private sector and government representatives and quality assured by international PEFA Secretariat.

Mr Deputy Speaker, the PEFA findings revealed some strengths but a much larger number of critical weaknesses in our PFMA system. Though the findings of the PEFA highlighted some uncomfortable truths in-line with the commitment that the government made at the outset of the process, the PEFA findings were publicly released in full in September 2015 along with a detailed road map to the implementation of PFMA reviews which is called the PEFA Road Map 2015-2018 which I launched.

The PEFA PFMA growth Reform Road Map sets out a detailed sequence programme of priority PFM reforms to be undertaken in a coordinated and collaborative fashion by more than a dozen government departments and agencies over a three-year period to 2018.

Implementation of PEFA Road Map to date has seen strong cooperation from all of these agencies in ensuring that the reform deliverables are implemented and reported.

Furthermore, there has been a very welcome support from development partners in harnessing technical and financial support towards mandated reforms in the PEFA Road Map.

14/03

Mr Deputy Speaker, so far my department is seeing unprecedented progress in achieving targets under the PEFA Road Map, particularly progress with roll-out of the Integrated Financial Management System (including strengthened budget management practises), issuing of Public Accounts Reports and successful legislative amendment of the *Public Finance Management Act* (PFMA) to modernise and harness best business practise. Other Government agencies have reported similar achievements.

Mr Deputy Speaker, the reforms will ensure that the National Budget is implemented through an orderly and open PFM system. A system that ensures there is prudent macroeconomic management, that revenue performance measures are stringent, macroeconomic data are reliable, credible and accessible and that primary services are delivered efficiently and effectively.

Mr Deputy Speaker, these are no small matters and are worth dwelling on a little further. Let me take a little more of the Parliaments time to expand on some of the key reforms in a little more detail, starting with the rollout of the governments real-time budgeting and accounting system, the Integrated Financial Management Systems (IFMS).

Rollout of the IFMS

Mr Deputy Speaker, three years ago, the IFMS operated in three departments only, Finance, Treasury and National Planning. Since the early 2000s, successive Governments had undertaken sustained and major investment in this high quality, contemporary budgeting and accounting system for financial management. But progress in implementing it was, to be frank

Mr Deputy Speaker, quite pitiful. Three years ago, implementation had almost completely stalled and that has all changed now.

Mr Deputy Speaker, in the three years since, the IFMS has been rolled out to 40 Government agencies and four statutory authorities and a broad range of system enhancements have been completed. A sub-national pilot in East New Britain has been undertaken to configure IFMS for use by Provincial and Local-level Governments. This

project is now completed with the Provincial and District Finance Offices in ENB operating in IFMS and the Provincial and Local-level Governments progressively being brought on-line.

Mr Deputy Speaker, the roll-out of IFMS at the national level has provided enormous benefits with strengthened financial controls, improved visibility and accuracy of expenditure and financial reporting (including the production of all prior year Public Accounts) and the ability to respond quickly to changing fiscal circumstances through the timely and effective implementation of budget management strategies.

Mr Deputy Speaker, with the increasing decentralisation of Government funding and service delivery, the implementation of IFMS at the sub-national level is of paramount importance. Accordingly, a comprehensive program is in place to ensure that the IFMS is rolled out to all Province and Districts before the end of 2018.

Mr Deputy Speaker, as the IFMS is rolled out the deeply-flawed and inadequate PGAS system is being switched off and removed. The IFMS rollout is and will continue to be transformative.

The Financial Framework review (FFR)

Mr Deputy Speaker, another major reform mandated by the 2015 PEFA Reform Road Map was a full-scale root and branch review of the twenty year old *Public Finances Management Act* (PFMA).

Mr Deputy Speaker, the PFMA is the critical piece of legislation underpinning effective PFM, but one which by 2015, was seriously outdated in a number of key respects. Action was urgently needed, Mr Deputy Speaker, and action followed.

Mr Deputy Speaker, a technical working group of the key PFM Government agencies led by my department, reviewed the entire PFMA in the period February-August 2016. Every section was examined and where necessary changes recommended, resulting in a final report with drafting instructions and a draft Bill.

Mr Deputy Speaker, subsequently, the new Public Finance Management Amendment Bill 2016, was passed in Parliament on 11 August 2016, with the new Act taking effect from January 1, 2017.

15/03

Mr Deputy Speaker, key features of the new and modernised PFMA include; the Act now recognises only two types of bodies, public bodies and statutory bodies. Public bodies

are government departments and provincial and local level governments. And statutory bodies are all other State entities, however created, that access public money. This is a major simplification of the Act.

The Departments of Treasury and Finance must now certify all proposals for the creation of new, or, restructuring of existing statutory bodies to ensure compliance with the PFMA.

The Department of Finance is also empowered under the new PFMA to review all statutory bodies in PNG and advise NEC of necessary changes including potential abolishment of existing statutory bodies.

All fees and charges under PNG legislation are now set by the Minister for Finance in consultation with the relevant departments or agencies. Many fees and charges have not been reviewed since Independence and the review of fees and charges is a complex matter requiring specialist skills that are not widely available. Further the collection of arrears of fees and charges across government now vests in the Department of Finance and as Minister I am also enabled to increase fees and charges to meet inflation.

Finally the new *Act* makes it a very serious criminal offence not to comply with PFMA, the Finance Manual or the Financial Instructions. Penalties have been simplified by making the offences strict liability meaning that there is no need to prove intention to not comply, only that there was non-compliance.

These are only some of the many changes to the PFMA which substantially reshapes the requirements and obligations of the Public Finance Management Act.

The consolidation of PFMA became available from the First Legislative Counsel in August 2017, and it will be printed and widely circulated with a focus on associated awareness activities to ensure its implementation.

Mr Speaker, since the passage of the new PFMA legislation, the Government has continued to move forward to recast and modernise the PFMA legislative landscape with a number of major public reform initiatives that are underway.

They are a review of all statutory bodies, State-owned enterprises and trust accounts will be carried out.

This review is currently active with trust account reviews all underway. The review is being performed by officials from departments of Finance and Treasury and Prime Minister and NEC with the Department of Finance acting as the secretariat.

The review will result in a substantial number of amendments to existing legislation to bring all statutory bodies and State-owned enterprises in line with the PFMA and to bring to an end the waste and abuse that has occurred in the past.

The rewriting of the financial management manual is being completed. The FFM covers all of the matters of detail necessary to guide central, provincial and district governments in the implementation of the requirements of PFMA.

A financial management manual will be printed and then widely circulated with the focus on the associated training necessary to effect its implementation.

Procurement reforms.

My department has developed a new proposed new national procurement policy and this will shortly be put to NEC for endorsement. A procurement bill have been drafted by the First Legislative Counsel and subject to NEC endorsement, the bill will be put before Parliament prior to the end of the year.

The National Procurement Policy is a major procurement reform that links cash management to procurement as well as ensuring that procurement capacity is built in public and statutory bodies while limiting the ability of public and statutory bodies without procurement capacity to undertake procurement activities.

Mr Deputy Speaker, this major procurement reform goes to the heart of public finance management in PNG and will apply to public and statutory bodies at national, provincial and district levels.

The reform will be implemented immediately on passage of the bill and will require the printing of the new Act and its widespread circulation with a focus on necessary awareness raising activities to ensure its implementation.

Mr Deputy Speaker, I would like also to draw Member's attention to a further significant change that is proposed to accommodate these reforms and that is to move the annual budgeting and financial reporting yearly basis from the July to June basis from the current June to December.

16/03

This would obviously be a significant departure from current arrangements and give rise to a number of practical issues to be managed. The Government would intend to consult widely before implementing this change. But I would like Members to be aware that this potential reform is under close consideration.

The 2010 — 2016 Public Accounts - Annual Financial Statements

The Government has been concerned for some time with the significant delays in the preparation of the annual Public Accounts. Mr Speaker, major progress has now been made in addressing this concern.

My department has completed enhancements to the IFMS that have resulted in significant improvement in the time it takes to complete the Public Accounts. This along with a concerted refocussing of resources and priorities, has seen a major turnaround.

The Public Accounts for 2010 to 2014 have been completed, audited by the Auditor-General's Office (AGO) and being printed. They will be tabled in Parliament in the November Session.

The Public Accounts for 2015 and 2016 have also been completed and are currently with the Attorney-General's Office for auditing. Once the Attorney-General's Office provides a management letter outlining the audit findings and recommendations, the accounts will be updated to reflected agreed changes and prepared for submission to Parliament.

The intention is that the 2015 and 2016 Public Accounts will be ready for submission to Parliament for the first session of 2018, bringing the Public Accounts fully up-to-date.

Mr Deputy Speaker, after years of neglect and underperformance, I count this as a further major PFM reform achievement.

PNG Association of Government Accountants and Public Finance Managers (PNG AGA&PFM)

The Government is fully committed to ensuring that public finances are managed to the highest standards and in accordance with the laws and regulations of the country and best practices from around the world. Let me stress here that the staff of the Department of Finance consist of huge body of accountants and the Department has assembled them under one association.

Mr Deputy Speaker, the Government of PNG is the single biggest employer of accounting and finance professionals; therefore, an important element of the PFM reform program is building the capacity of officers involved in public financial management. To this end, the Department of Finance has established the PNG Association of Government Accountants and Public Finance Managers (PNG AGA&PFM) to promote professional development and enhance compliance with international public sector accounting standards.

The Association complements the existing partnership the Department has with UPNG to run a Bachelor of Public Accounting course specifically designed for public sector needs.

These are initiatives undertaken by the Department of Finance, as custodian of the *Public Finances (Management) Act*, PFMA, to ensure that financial accounting and reporting standards are set and achieved for efficient delivery of Government services.

Participation in the Association and Degree Programs will ensure that officers engaged in public finance management acquire the requisite skills, maintain consistency in the way things are done, enforce ethical behaviour, and are an avenue for continuous improvement.

Mr Deputy Speaker, I very much appreciate the opportunity to outline to the Honourable Members of this House the Government's record of Public Financial Management (PFM) reforms over the past three years. It is a record of significant achievement, with these reforms far reaching in their impact and effect, and there is more to come.

Mr Deputy Speaker, honourable Members, none of us are here in this Parliament forever. Each of us has our time here, and with it the opportunity to make a difference, to ensure that the lives of our people are enriched by the measures and reforms that we may be able to implement through the privileged position that we occupy as policy makers and legislators. During our time here in this place, we are the custodians of the future of our people. It is both an honour and a responsibility.

May I conclude by saying that I am proud to be part of a Government that can point to this major record of achievement in terms of PFM reform, leaving with it a lasting legacy of greatly enhanced capacity to deliver in full on the Government's development objectives for our people.

Thank you Mr Deputy Speaker.

Debate (on motion by **Mr Douglas Tomuriesa**) adjourned.

17/03

Mr DEPUTY SPEAKER – Honourable Members, I have to inform Parliament that Sir Buri Kidu Heart Institute headed by Professor Isi Kevau and Dr Jack Amana will be here

to do a presentation on lifestyle diseases at the State Function Room at 12.30 p.m. They will also do medical checks. All Members are kindly requested to attend.

ADJOURNMENT

Motion (by **Mr Douglas Tomuriesa**) agreed to –

That the Parliament do now adjourn

The Parliament adjourned at 12.15 p.m..