

## THIRD DAY

Thursday 23 November 2017

## DRAFT HANSARD

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**PARLIAMENTARY DEBATES**  
**CORRECTIONS TO DAILY DRAFT HANSARD**

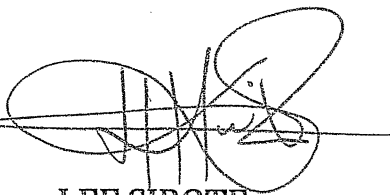
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Corrections maybe marked on a photocopy of the Daily Draft Hansard and lodged at the Office of the Principal Parliamentary Reporter, A1 – 23 (next to the Security Control Room).

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 read 'LEE SIROTE', written over a horizontal line.

**LEE SIROTE**

Acting Principal Parliamentary Reporter

### **THIRD DAY**

**Thursday 23 November 2017**

The Speaker (**Mr Job Pomat**) took the Chair at 10 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 Speaker again took the Chair at 10.07 a.m., and invited the Member for Rigo, **Honourable Lekwa Gure** to say Prayers:

‘God our Heavenly Father, we bow before your Holy Throne giving glory honour and praise. Lord we acknowledge your Lordship in this honourable House of Parliament.

Father, we ask you to give us your wisdom and insight in our deliberations and in our decision-making that we can make a difference in the lives of our people.

Father, guide our steps, guide our thoughts, guide our speech and guide our character that it will reflect that of our Lord Jesus Christ as we say the Lord’s Prayer. Amend’

#### **ACKNOWLEDGEMENT OF STUDENTS (KAMALI AND KERIA PRIMARY SCHOOLS) – STATEMENT BY THE SPEAKER**

**Mr SPEAKER** – Honourable Members, this morning the Parliament wishes to acknowledge and welcome students from primary schools namely; Kamali from the Rigo District and Kerea from the Kairuku-Hiri District to observe the proceedings of Parliament this morning.

## **QUESTIONS**

### **Arrest Former Member**

**Mr BRYAN KRAMMER** – Thank you, Mr Speaker. My question is directed to the Minister for Police.

Mr Speaker, the Prime Minister stated that If I have evidence in relation to a fraud against the former Member for Madang Nixon Duban then I should take it to Police and I quote: “They will rightfully arrest and charge him.”

**Mr Fabian Pok** – The question has been already raised so it cannot be asked again on the Floor of Parliament.

**Mr SPEAKER** – Go ahead Member for Madang.

**Mr Pila Ninigi** – Point of Order! The Member is not present in Parliament. He is now a former member so Member for Madang is referring to this one particular person so he can deal directly with him outside. He cannot misuse this Chamber to make a political point out of it. So Mr Speaker, your ruling is needed.

**Mr SPEAKER** – The Point of Order is in order.

**Mr BRYAN KRAMER** – Mr Speaker, the question hasn’t been asked yet.

**Mr SPEAKER** – What’s your question?

**Mr BRYAN KRAMER** – Thank you Mr Speaker. My question, before I was interrupted by the point of order is to the Minister for Police.

As the Prime Minister stated, I should take this matter to the Police and that they can act and arrest the former Member. Therefore, my question is for the benefit of the Police Minister and I prepared a brief in relation to the evidence that I discussed yesterday.

I want the Prime Minister to note that this matter was already reported to the Police in 2013 and no action was taken by Police. The response I received was due to the political

nature of the high office and the fact that the former Member was also the Minister for Police so they were finding it difficult to progress this matter.

Now, the Prime Minister has gone on record to say that this matter should be reported to Police and that has been done.

The Prime Minister also stated that I can take this matter to the Police and the Police should rightfully lay charge against the former Member.

**02/01**

So, I have prepared a brief of the evidence for the benefit of the Minister for Police so that he can raise this matter with the Police Commissioner and hopefully have this matter dealt with as it is in relation to a finding of fact by a court of law.

The question is, can the Minister progress this matter with the Police Commissioner?

**Mr Michael Nali** – Point of Order! We are getting into the extreme of getting Ministers on the Floor of Parliament, especially the Minister for Police to give directions to make arrests.

This is unheard of and should not be tolerated because the police men are here to –

**Mr Bryan Krammer** – Point of Order!

**Mr Michael Nali** – Shut up!

**Mr SPEAKER** – What's your point of order?

**Mr Michael Nali** – My point of order is, this question is out of order. It should not be tolerated, the policemen are here to do their job. Don't use the Floor of Parliament to try and exaggerate. This is totally wrong. Tomorrow it will be your turn, anyone of you.

Do not use the Floor of Parliament to get the Minister to give you an answer. You are trying to get him to say that yes, he will be arrested. Is it the job of the minister on the job of the police? Completely wrong, you are!

**Mr SPEAKER** – The Point of Order is in order. The question is out of order. Honourable Member for Madang, it is better if you could take your papers to the Minister for

Police and give them to him so he can execute his duties by giving them to the Police to do their duty if they have not done so yet.

### **Purify City Water**

**Mr JOE SUNGI** – Thank you, Mr Speaker.

My question is directed to the Minister for State-Owned Enterprises and it is in regard to the treatment of water by Eda Ranu for consumption in Port Moresby.

Mr Speaker, if you go around the residential areas in Port Moresby you will notice that many residents including women and children are prone to open the taps and drink water directly from the tap into their mouths.

Mr Speaker, we know that the water that comes from Eda Ranu is untreated or may be it is heavily chlorinated.

Mr Speaker, let me correct this, I know the Health Minister wants to tell us about his health profession but I know that it is not purified water.

Can I ask the Minister if he has any plans to purify the whole water system that provides piped water in the city so that when people turn the taps on anywhere in Port Moresby to drink we should know that the water is purified water?

**Mr WILLIAM DUMA** – Thank you, Mr Speaker. Let me thank the Member for Nuku for his question.

Mr Speaker, let us all remind ourselves that we are all leaders and we have a duty to not sensationalise issues like that. Surely Eda Ranu and the management are not that silly to release water that is not treated.

**Sir Puka Temu** – To World Health Organisation standards.

**Mr WILLIAM DUMA** – The water that you drink from the taps is something that is a refined product, a product that starts of a process. When the water is collected, it is properly treated and made sure that it is safe for drinking before it is released on to the taps.

For us as leaders to say that the water that we are drinking is not safe is a bit irresponsible when we all know that the water that we are drinking is one of the safest water supplies we can find anywhere in the world.

Yes, we have problems with maintenance and rehabilitation and old infrastructure but I can tell you that the water that we are all drinking is safe.

03/03

**Mr JOHN SIMON** – Thank you, Mr Speaker. I'd like to direct my question to the Minister for National Planning.

Before I do that I'd like to say thank you to the Government for the DSIP of K1 million, which I believe we all received. Let's give credit where credit is due. Thank you National Government, thank you.

**Mr James Marape** – Point of Order! I'd like to raise a point of order against the good Member's insinuation that all of us received the DSIP. I would like him to correct his statement, it was not him receiving it, his district received it for planned programmes.

In many instances, inferences are made that Members received it for their use. It is not the Member getting the money but the district or province got it for development projects.

**Mr JOHN SIMON** – The district got it so on behalf of the Opposition, I say thank you.

Yesterday, the Deputy Prime Minister who was a former National Planning Minister said something in answer to the Member for Anglimp-South Waghi which I quoted.

#### **Differentiate Between Districts and Electorates**

The question that I'd like to raise today is also with regard to a question that I raised in the previous Parliament.

A lot of electorates in this country are mere electorates but there are a few districts. In this country we have districts and electorates. We do not only have electorates. Electorates are political electorates. But there is a big difference between districts and electorates. We must understand this.

I've seen it in the last term and I would say it would most probably apply in this term also that, when you are Ministers, you are Ministers of State and not ministers of your electorates. You are a Minister of Papua New Guinea, not for your electorate only.

My question is; do you have a policy or proper guideline in terms of distributing the national wealth to ensure that it is fairly distributed to districts and electorates because some are districts and some are electorates.

And when we are getting the same funding, it makes it very difficult for some electorates who are performing duties and responsibilities as a district where there is more service centres like my district of Maprik.

Maprik is a service centre that provides services to your people from Yangoru-Saussia, Nuku, Lumi in West Sepik, and Wosera-Gau. They all converge on Maprik on Wednesdays, Thursdays and Fridays. Three days of the week, that is enough time for me.

My roads are deteriorating but how would I use my DSIP to fix the Maprik roads to accommodate all these other districts doing business in Maprik. So we must have a policy or guideline that will make a distinction between districts and electorates so that there can be extra funding or extra help coming to districts like mine.

**Mr RICHARD MARU** – Thank you, Mr Speaker, I'd like to thank the Member for Maprik for asking a very important question.

Next year, in January I will be inviting all Members of Parliament and governors to come together for a National Planning Summit.

For the first time we are going to sit down and talk about the issues of where we have the economic hubs, key economic roads and factor them into a national plan and then fund it over the next five years. I think that's been missing for a very long time.

And key towns like Maprik who are service centres supporting four or five districts should be given special emphasis in the plan going forward. So we intend to fix that and I'll be looking forward to your contribution in the workshop that we are going to have.

Certainly, it is my plan that we need to be fairer to all the districts, regions and provinces. We will obviously continue with your DSIP and PSIP but we are going to do more than that. We are going to start building the economies of each and every province, wherever they are in doubt and where their strengths are, we are going to support them to build their strength so most of the provinces should start depending on themselves rather than depending on Waigani.

That's the shift we are going to see in the way we are going to do business over the next five years and I look forward to meeting with all of you to sit down and put together a plan for the next five years and fund that plan as we go forward.



You are going to see some of them coming through in the Budget next week.

04/03

The first programs we are going to fund now is building district hospitals in every district over the next five years.

### **Phase out grades 8 and 10 examinations**

**Mr KONI IGUAN** – Mr Speaker, last month saw the end of examinations for most of our students throughout the country and the markers are in the process of marking the papers and selection should follow as to how many advance to grade 9, 11 and onto university etcetera. Our education system where we have students sitting for exams in grade 8, 10 and 12, pushes most of our students out of the system and they become drop outs.

My question is; does the Minister have any plans to remove these examinations so we let our children move straight onto grade 12 and then they can sit for university?

I say this is because the grade 8 and 10 certificates now have less weight to take students to the next level. The system has pushed out a lot of our students and we are now facing a lot of problems in trying to enrol students into other private schools that charge very high fees.

**Mr NICK KUMAN** – I thank the Member for Markham for his question. The examinations for the 2017 academic year was over a few weeks ago, and we are going towards the end of marking these papers. For the record and to inform the Parliament, close to 115,000 grade eight students, 66,000 grade 10 students, and 28,000 grade 12 students sat for exams this year. Since the reform in 2013, the subtle change will be 166, meaning that we will remove the elementary school preparatory classes. The early childhood learning will be based at the ward level.

By next year there will be some funding going to the wards, one of which is to promote ward education system, particularly in year 4, 5 and year 6. And by the time they reach year 6, they should recognise the alphabets and numbers with phonics, so they are able to recognise and read some words in the English language. The implementation of all this will begin in 2018. You will have grades one to grade six in the primary system and 7-12 in the secondary system.

I also announced during a graduation three weeks ago that we will now build on our institutions in the country. We will have to make sure we expand these institutions to accommodate for our students.

**05/03**

We will phase out grade 8 and 10 examination system in Papua New Guinea. You can't go into tertiary institutions or find a job with grade 10 certificate today. Vocational schools that gave path way to grade 8s are gone and now opened to grade 10s.

The reform aims to give retention to all our school system until students finish at grade 12 level which is the only certificate that will be recognised in the country. That means all grade 8 and 10 certificates are irrelevant. The government is very firm on this decision and will implement this structure next year.

I now urge all the members of parliament that DSIP, PSIP and all the monies are available to members to support the government's policy on TFF. TFF is only providing accessibility and retention. Your job is to support the government to build the capacity in all the education institutions that we have in the country and we work in partnership so that we can retain grade 8 and grade 10 till they finish their education system at grade 12. That's the program that will be implemented in 2018.

Critics and concerns are now on quality outcome of education we need to drive as a department and that's the agenda for the government today.

Accessibility since 2012 has been working and now we are going to phase out grade 8 and 10 exams and I want it to be a bit smarter, a smarter education system for smarter students in this country.

#### **Angau Hospital Board**

**Dr KOBBY BOMOREO** – Thank you, Mr Speaker, first of all, I want to thank AusAID and National Planning through Minister Richard Maru for your time in Lae in organising the rebuilding of Angau General Hospital.

My questions are:

(1) Are you aware that at Angau, we are in the process of making Morobe become a Provincial Health Authority (PHA)?

(2) Are you aware that the Board's term in office has expired?

(3). While waiting for PHA to be in place, does the ministry intend to insert a new Board or extend their time?

**Sir PUKA TEMU** – I thank the Member for Tewae-Siassi for his questions on the issue of health in Morobe Province and also I want to thank the Australian Government for supporting the rebuilding and reconstructing of Angau General Hospital and I want to inform Parliament that the process for tendering will be out to start the construction phase and we are very thankful to our friends in Australia.

I have written to all the Governors, particularly those provinces that have yet to establish their Provincial Health Authorities which are about 11 to go. We have already done 11 and the last one was East Sepik and one of them is Morobe.

**06/03**

The process is, we have written to you and we want to conclude the establishment of Provincial Health Authorities by June of next year so I am waiting for the provincial Governors and their PEC's to recommend their Board members, particularly identify the chairmen, those people that can contribute in the Provincial Health Authority Board and also identify an acting Chief Executive Officer. So, when the Provincial Health Authorities are established, they will meet on the same day and the Board is established then they will appoint the Chief Executive Officer to act to take on the process of rebuilding the Provincial Health Authority.

I have a team in the Department of Health, who will respond to the Governors. When you say yes, we are ready, my team will be dispatched to your province to help you set up the Provincial Health Authority Structure.

The Provincial Health Authority Structure Team and the Nation is ready. For Morobe Province, I am waiting for the Governor to advise me.

But, in the meantime we will allow the current board whose term has expired to continue and I will bring the submission to Cabinet this week so that board can continue in the interim because we got a multimillion kina project supported by the Australian Government and our Government as well for the Angau Hospital redevelopment.

So, that is where we are Mr Speaker, the Board will be extended to continue while I am waiting for the Governor to recommend to me the members of the Provincial Health Authority so that I can come over and launch it.

Thank you, Mr Speaker.

**Mr JOHNSON WAPUNAI** – Thank you, Mr Speaker. I would like to direct my question to the Minister for Police and I would like the ministers for Forestry and Lands to take note.

My electorate shares the border with Teleformin Electorate. There is a company that is currently working there and I am aware that the company has a licence from the government to work but personally, I know that the licence was not issued in a proper manner because when the villagers want to speak up for their own rights but the government sent police to go and threaten them.

Last week the Wewak Police went up to my electorate and belted up the villagers for trying to speak up for their own rights.

(1) Is the Minister aware of this issue?

(2) And if he is, who paid for this policemen to carry out such act? I ask this question because when there is trouble in the electorate and I request police presence they say that there is no money yet they are able to travel there to threaten the villagers.

Thank you, Mr Speaker.

**Mr JELTA WONG** – Thank you, Member for Ambunti-Drekikir.

Mr Speaker, a month ago, I put out an article stating that no police will be assisting SABL's Companies or Developers in forestry so I am not aware about this case but I will work with the Minister for Forestry and we will get to the bottom of this and I'll bring it back to the floor.

Thank you.

#### **Clarify Central Province Donor and Aid Programs**

**Mr ROBERT AGAROB** – Thank you, Mr Speaker. My question is directed to the Minister for National Planning and I would like the Ministers for Health, Education and Public Service to take note.

My question is with the donor agencies that are coming into the country, are they in any way registered with your office?

In my short time with the Provincial Government as a Governor, I have realised that we have a lot of donor and aid organisations in the Province. They have been doing a lot of

projects in the province so I just want to know if the project are registered and are aligned with the national and provincial plans because with statistic showing in my Province now, there are more than 50 per cent of our aid posts and schools are closed.

Now, what happens is that when a lot of these infrastructure are being built and all the fun is over, this infrastructure is handed back to the provincial governments to sustain and to provide for the health workers and the teachers but none of these is budgeted for in our provincial budget.

So, the people of Central Province want a clarification as to whether these agencies are registered and if they are, what sort of plans do they follow to carry out their projects?

07/03

**Mr RICHARD MARU** – I thank the Governor of Central for his question.

The current arrangement is one where the Department of National Planning has a division called the Donor Aid Division that manages all the donor programmes and funds. We try to ensure that donors assist us by working with the National Government to implement our plans in terms of funding assistance to projects in the country.

In the three months that I have been in the Department of National Planning, I am starting to realise many donors fund programmes of their own choice. They do not consult with the National Planning but go directly to NGOs and decide on models and to be honest it is all over the place right now. Many of them have no confidence in our current system to procure services and are looking at bringing other expertise to come into the country to deliver programmes for us.

This is a major concern for our Government and I am going to call all donors in early next year to sit down and map out the process in which we mobilise resources from donors and how we can work with them to implement the programmes. I also intend to reform the way we manage donors. I am not confident that we have the capacity to mobilise resources and manage donors properly and competently.

There is a plan for us to look at reintroducing what used to be called OIDA. We need to make that office independent and use that office to coordinate all the donor resources that we mobilise to bring into the country and then use donors to fund programmes. We intend to take the bull by the horn.

There are so many countries and donors who want to help us. We need to go out and reach them. There are also a lot more funds that we can mobilise and I intend to reform that

area in terms of mobilising and managing resources and ensure that donors help us by working through government systems, programs and processes.

### **TFF Distribution Policy**

**Mr JOSEPH YOPYYOPY** – My questions are directed to the Minister for Education.

(1) Can the Minister confirm or deny that only Gumine District fully benefited from the TFFE in 2016 and 2017?

This TFFE Policy is costing the country K620 million with the distribution plan of 40 percent cash which goes to the school, 30 per cent of infrastructure and 30 per cent of commodity. To date the entire country is still waiting for the distribution of TFFE component.

(2) Can the Minister confirm and agree with me and admit to the people of this country that this TFF Policy is a total failure?

Let me justify that 40 per cent of cash component is supposed to go direct to schools but only 34 per cent to date has been paid to the schools. For example, Brandi Secondary School in East Sepik Province only received K701 000 out of the K2 million that was earmarked for them. How would you expect schools to operate?

**08/03**

In relation to the 30 percent infrastructure, Mr Deputy Speaker, to date, all schools have received completely nothing. The 30 per cent commodity is a very big failure. We have trialled it out in 2014 and it worked very well but then something went wrong. The contract was awarded to another new company to trial it out again. We are still waiting for that. When is that going to happen? When are the schools going to receive that? We are coming to the close of the 2017 academic year.

Mr Speaker, these are my questions and we would like the Minister for Education to tell Papua New Guinea what he has been doing with his Department regarding the TFF policy.

**Mr NICK KUMAN** – Thank you, Mr Speaker; thank you, honourable Member. As an educationist by profession, you are fully vested with the information that you have. Let me get some correct answers to you and I would be happy to get some details of what sort of

moneys that Gumine received. I provide leadership to the nation, I don't provide leadership to Gumini only. That is the reason why I am back and you are back. There is no other reason.

Let me come back to the policy of TFF. The O'Neill- Dion government in 2012, made this bold decision. The idea came about in 2011, just before the 2012, National Elections, so there were views that the TFF Policy was an election gimmick. This Government proved to the people of this country that the TFF policy of O'Neill-Dion government at that time worked all the way throughout the Election up until 2017. We retire every single commitment by the government then. In 2012 to 2016, all those funds were remitted to all the schools in the country including your schools in Wosera-Gaui. We went to your island and delivered the commodity component together with the Prime Minister and it worked.

Secondly, when we went through a trial program in 2014, it took more than two years to distribute the commodity aspect of those program right throughout the country. The Government in its wisdom has made the decision to centralise the procurement and we will eventually regionalise it in the years ahead. This is to make sure that the commodity component must be delivered to the schools right throughout the country.

This was the decision made in 2015 and it went through a procurement process and was supposed to be delivered to the schools in the beginning of this year. Unfortunately, given the election period in June and July, we had serious problems during and after the elections. Up until now, all the school supplies for the Highlands region are stuck in Lae and in Mt Hagen. These supplies cannot be distributed beyond these areas.

These are the problems that we have. I am mindful that it is going towards the end of the academic year. I have given directions to the Secretary and the officials that you can't do anything if the schools supplies enter the schools today. I have heard of stories where, sometimes when these supplies reach the schools, the teachers, headmasters and boards mismanage them. Some even sell them to collect money. So this is not encouraging information we received but feedbacks are good. I directed them to hold on to the supplies and by January, I want to see all the commodity components distributed to all the schools in the country.

09/03

By February when school starts, the commodity component should be at the schools.

Thirdly, as much as you and I know, the Department of Education does not control the money. The money comes straight from Treasury to Finance then straight to Central

Bank. This is then remitted into school accounts throughout the country. I do not keep money in Fincorp Building. Forty per cent is the direct cash advance to all the schools to run.

Mr Speaker, when TFF started, 30 percent of the infrastructure component is also given direct to the schools. The only money we held back was the K40 million that was set aside in 2013 and 2014. Apart from that, there is no other money that we keep. Otherwise, all the moneys are remitted straight to the school accounts.

Unless there are issues with accounts or if we know that some schools are mismanaging those moneys and we have reports, then we make sure that we check these things and hold back those moneys. But we do not hold back these moneys for other issues. We have to ensure that the information is correct and money must go to the school.

These moneys are meant to educate our children in this country. It is not for the administration of education office at Waigani or taken to the Minister's electorate. I cannot do that. It is the same level of funding you receive in your districts. There is no extra funding to anybody.

I want to assure you on this Floor of Parliament that, level of acquisition is not right unless and otherwise you have proven to me with all the information that you have then we can discuss.

I want to make sure that TFF must work. We must not deny our young people in this country. They deserve the education because they are our children. We should not play politics here.

Mr Speaker, this is the best policy. We have expanded over K2.7 billion in the last five years in education alone.

**Mr Allan Bird** – Point of Order! Just a correction here and the Treasurer would be aware. I had to come down here because all my schools were about to close two weeks ago. So I do not want to criticise the policy but I think, you should not mention the amount of money allocated but when it does it not serve its purpose then we have an issues

I had to direct my administration and I came down here and managed to secure some money that is owed to my province under the functional grants. We had to pay out K750,000, not from TFF but from functional grants. That is the only reason all the schools in my province did not close this year.

I urge the Minister not to mention the amount of money allocated because it really has not served its purpose.



Mr Speaker, the Minister has serious issues and part of those issues were raised yesterday when the Honourable Minister for Public Service gave a very nice presentation here, and that is to do with how we share responsibilities. Right now, I can tell you that when TFFs come to my schools in Sepik, my board chairmen and the school headmasters spend it on accommodations at the guest houses in Wewak.

**Mr SPEAKER** – Honourable Governor, what is your Point of Order?

**Mr Allan Bird** – My Point of Order is, do not mention the amount of money because we are not getting the results at the bottom so we had to intervene in other ways to make the policy work. Thank you.

**Mr NICK KUMAN** – Thank you, Mr Speaker, and thank you Governor for your point of order. I will take note of what you said. Because of the cash situation in the country, the TFF money has not been remitted in full in the last quarter. But I can assure you that all the moneys coming into the Education system through the Central Bank, I will make sure that those money must go to the schools.

I am also thankful for those Members who have taken the responsibility to ensure schools are receiving their money because it is for the benefit of our children.

**10/03**

Some responsibility in instances where such problems occur is logical because they are our children of this country and I am grateful that when leaders stand for issues like this we all stand together to educate our young people.

The last point I want to make in response to the Member is this, as of next year all the trust accounts will have been established and I am just waiting for the management structure to be put in place by the Department of Finance and we can then open up all the trust accounts for all the infrastructure component as well as the balance of the commodity component.

They will be parked at the district. Your CEOs and you district treasurers will take full control of this to make sure that we will only remit cash components to the schools. This is only for the running of the school.

Infrastructure and part of the commodity component will be held back and each of you will take charge of it, especially the Open Members. So when the schools ask for money you can use 20 per cent of education component as counterpart funding for you to build your capacity in our school system in our country.

### **Improve Radio Broadcast Services**

**Mr TIMOTHY MASIU** – Thank you, Mr Speaker, my question is directed to an honourable Member who used to sit here and is now seated over there, the Minister for Communication. This is the first question he will get since his movement to the other side.

I ask that the Minister for Bougainville Affairs, Prime Minister and Finance, the leaders who are gambling with the country's money, to take note.

I stand here frequently to talk about Bougainville issues and I know and conclude that over a period of time, many of you will have headaches. It is not yet time, the time for headaches is still coming.

I want to say that I have encountered a huge problem in the dissemination of information to the people on the issue of Referendum and what is transpiring in Bougainville is a lack of communication.

I am happy that my colleague who used to sit here and migrated to the other side has been given that Ministry. He will now be in a position to help me.

My question is, when will the Government assist ABG to establish a good radio station to bring in quality information to the people of Bougainville. Government information must trickle down because many youths are not getting reliable information despite ABG's best effort to do so but many are still in the dark.

I will give you an example. There are some youths in one part of Bougainville who, when we mentioned the word 'referendum' they ask what referendum is? When we ask them what their understanding of 'referendum' is, they answered referendum must be a big school or a big tree.

I was sympathetic when I received such feedback and I see that information dissemination in Bougainville on many of these important issues is not happening. So, Minister, can you give priority to Bougainville at this time to make sure that this radio station which breaks down every two or three weeks will not breakdown but be consistent in its broadcasts to the people of Bougainville.

That is the main reason why I have set up a small radio station in my electorate which is broadcasting but it does not have the capacity to cover the entire province.

That is one issue that I am asking you and the Government to assist in that area because it is one of the major issues and I am appealing to you as Minister responsible and the government to assist because it is one of the major means of disseminating information to the people of Bougainville on the plans that the Government has and how it will handle the referendum issue.

As Minister responsible, what will you do to fix the radio stations in the country as well as in Bougainville?

**Mr SAM BASIL** – Thank you, Mr Speaker. It is my first question but before I answer it, I want to thank the O'Neill-Abel Government for allowing PANGU to sit on the Government bench.

The Chair that you are currently occupying and asking this question to me was where I spent a lot of my time on during my nine years in Parliament.

**11/03**

I was on that side of the Floor but now I am sitting in the Governments ranks and I am very pleased to answer your question.

Mr Speaker, I have a brief here on all the 22 provinces including Bougainville.

There are three different radio stations operating out of the Autonomous Region of Bougainville namely; *National Broadcasting Commission* transmitting through *FM 90.7*, there is also another shortwave station I understand is operating on *33.25 kilohertz* and also *6020 kilohertz*. There is also another radio station which the Deputy Opposition has highlighted called the *New Dawn Radio* and also another station called the *Ples Lain* operating on a short wave by the AROB to do awareness on the referendum.

Mr Speaker, the brief provided to me is that the New Dawn Radio Station is a commercial radio station and it has been enjoying most of the funding especially from the New Zealand Aid of K300,000.00 which they received last year, the AROB funding of another K100,000.00 and also the Deputy Opposition Leader has provided another K300,000.00 to that station.

Mr Speaker, meanwhile NBC Bougainville has been operating with a staff of around 10 from a radio station situated in Hugtena outside of Buka town with a transmission tower in Kubu capable of transmitting shortwaves FM mix and also TV signals but in a limited way.

There is a problem with the Radio Mobile Ples Lain because the broadcasting licence was issued to an individual but when he left AROB, he took the license with him and that Mobile Radio Station is now defunct and there is a conflict of who owns the licence.

As the Minister responsible, I have directed the NICTA Managing Director to revoke the licence and I will be negotiating with AROB or the NBC to come up with a decision on who we will issue the licence to.

I will be visiting Bougainville very soon and I will ask the Deputy Opposition Leader to facilitate because there was an attempt by NBC Managing Director and also the Secretary for Communication last year where they went out there to sort out these issues but nobody met them.

Mr Speaker, I will take the lead again and I ask the Deputy Opposition Leader and the Governor for Bougainville to be available because it is very important that this Government is cautious of the referendum process and it is a task to disseminate information through to the remotest rural areas in the rugged terrains. We can only do that by using the short wave network and not FM.

Let me take this opportunity to call the Governors of all the provinces including the newly established Jiwaka and Hela Provinces where there is no radio station and we would like to work with everyone throughout the country to put the radio stations up and going.

It is paramount we all have to work together because NBC doesn't have that much allocated funds and it also has its internal problems where staff are not paid on time and we want to eradicate that problem by transferring that payroll system back to the government pay system so that they can be able to concentrate on other aspects of running the radio stations.

I have always said that short wave is the way to go in Papua New Guinea. We must not be misled by people who come up with initiatives that lure our leaders to be committed to put up FM Stations.

Most of the leaders here in Parliament come from rural electorates and we represent people who are in inaccessible places and when we commit to people to set up FM Stations, we need to understand that FM frequency cannot really penetrate through to the mountains and valleys and in the bushes. It goes as far as the first obstacle, the second obstacle and then

it drops. So the sad fact is, really these FM stations belong to the major cities because it is where their people live.

So we the Members representing our rural population must help assist our Governors to support NBC and put up those infrastructures to set up the radio stations again.

Mr Speaker, I am grateful to go to Bougainville and as soon as I am prepared and set, it will be a great pleasure to come and set up all the communication network up in Bougainville.

I understand NBC Bougainville's equipment's is very advance from all the other provinces because it has a digitised short wave system in place because this infrastructure was put in place previously, so I am ready and I thank the Member for asking this question.

12/03

#### **MOTION BY LEAVE**

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

Leave granted.

#### **SUSPENSION OF STANDING ORDERS- REARRANGEMENT OF BUSINESS**

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

That so much of the *Standing Orders* be suspended as would prevent Notice No.5 of Government Business this day being called on forthwith.

#### **PACIFIC INSTITUTE OF LEADERSHIP AND GOVERNANCE**

#### **BILL 2017**

#### **First Day**

Bill presented by **Mr Elias Kapavore** and read a first time.

## Second Reading

**Mr ELIAS KAPAVORE** (Pomio – Minister for Public Service) – I move –

That the Bill be now read a second time.

Mr Speaker, it is Bill to transform the Papua New Guinea Institute of Public Administration into the Institute of Leadership and Governance.

Mr Speaker, I present a very important Bill which will bring about a transformation of one of our country's most iconic Papua New Guinea Institute of Public Administration. As most Members of this Parliament know, this initiative has its standards in the *Alotau Accord Resolution* put in place by the previous Government, the *Alotau Accord* applying the new and more corrective role for Papua New Guinea Institute of Public Administration. Today, the O'Neill-Abel Government is delivering on this promised.

Mr Speaker, I would like to recall the wisdom of our people's future prosperity promoted in the National Vision 2050 which has been driven by the Public Service Ministry. The first pillar is the development of our human capital and gender equity. The transform, PNG IPA will raise the capabilities and performance of the public sector workforce and focus on gender equity.

The sixth pillar of our National Vision is the development of Public Service while improving service delivery to our people. To transform, the PNG IPA will bring greater change and capacity, and building opportunities to serve our people in the provinces and districts.

The transform, PNG IPA will contribute hugely to the upgrading in the integrity of our public service institutions with ethics and values enshrined in our *Constitution* which will improve our services delivery to our people. This is what matters.

Mr Speaker, the PNG IPA is essential to the modernisation of our institutions and uplift the capabilities of our public servants. Accordingly, this institution needs to be renamed, reconstituted, restructured and repartitioned to become the modern independent statutory authority; the Pacific Institute of Leadership and Governance, the reflecting its real focus.

Mr Speaker, the creation of a modern institute aligned with the important that this Government in partnership with Australia have undertaken to establish the Pacific Leadership and Governance prism. The prism has been designed to strengthen Public Service leadership,

ethical behaviour, governance and core capabilities at the national, provincial and district levels. This modern institute continue to play an important role in the development and the functioning of the prism, particularly with respect to mainstreaming ethical leadership values throughout the entire public sector.

The Australian Government has committed significant financial support to Papua New Guinea Institute of Public Administration which will transfer to the new institute.

I would like to take this opportunity on behalf of our Government to thank Australia for this contribution.

**13/03**

Mr Speaker, a new purpose built administration building, learning resource centre and seminar rooms currently under construction, will significantly enhance and support the new institute in the range of training programs and courses being offered. In addition, the former Bully Beef wing and library are being redeveloped.

Mr Speaker, the modern institute will have a greater in-country focus on developing public service capacity at the provincial and district levels through enhancement of the Regional Training Centres. Plans are underway to renovate two of our main regional centre in Kokopo and Madang to provide training hubs for the whole country away from Port Moresby.

Let me take this opportunity to request the support of all Governors and Open members to provide support to the rollout of training programs from Waigani to the regions.

This modern institute will also have a broader focus within the Pacific Island region. The institute will market its programs across our neighbouring island nations and become a centre of excellence in the Pacific for promoting the leadership and governance frameworks that we have developed. It will also enable the promotion of strong personal networking between public service leaders in the Pacific.

The Bill provides extensive governance arrangements for the new institute. The Chairperson of the Board shall be a person with extensive business and training experience.

The Board will be comprised of representatives from the government, business and the community. The Board will enable to enter into joint venture public private partnerships with both public sector and with private sector training organisations. The Board will also be empowered to raise sector training organisation. The Board will also be empowered to raise funds through training fees and delivery of research projects and papers.

The Chief Executive Officer will be a seasoned capacity development professional recruited from the open market with business acumen who is able to lead the new institute into its reformed pro-active role.

The modern Institute will attract, retain and motivate professional training and administrative staff. This will be done by providing competitive performance based remuneration.

Mr Speaker, this Bill will provide a framework which will enable the new institute to move to a position where it can become self-funding in respect to its recruitment expenditure. The Government will continue to fund necessary research into the development of training for public service organisations.

The creation of the Pacific Institute Leadership and Governance will make a major contribution towards the achievement of the Government's strategic priorities for the training and development of our workforce, particularly the public service leaders.

Finally, I would like to acknowledge the huge amount of work done by the previous Minister for Public Service, Honourable, Sir Puka Temu. He has been a tireless champion for the reform of the PNGIPA and much of the credit for this initiative shall be accorded to him.

I am sure all Members will agree with me that this Bill is an important initiative and is worthy of the strong support of all Members of the House,

Mr Speaker, I commend the Bill to the Parliament.

**Sir PUKA TEMU** (Abau – Minister for Health) – Mr Speaker I stand to support the Bill presented by the Minister for Public Service and thank him for acknowledging my effort but it's an effort I believe is worthwhile.

I want to take the que on the Minister's statement on this Bill. I couldn't agree more that this Institution will provide Papua New Guinea another leadership role in the region, particularly in terms of shaping the regional Public Service from the Pacific as well as our own country; the largest in our region.

Therefore, I am very proud to stand here and support this Bill. Many of you will recall its first name; the Administrative College. History has it that the Pangu political Party was formed in the little building that we pulled down to build a modern one. The Bully Beef Club was discussed in this Administrative College or in terms of history, it is a very important institution and the founder of this nation, Grand Chief Rt. Honourable Sir Michael Somare began his political career in this important institution.



I want to acknowledge that over the years, without recognition, the administration college and the Institute of Public Administration have provided a lot skilled development for many citizens in our country and I must say that those of who have gone through this institution to upgrading their skills are some of the best citizens of our country who work in the public sector throughout the country.

14/03

So, I stand to support this Bill and I once again call up on the Members of Parliament to go and see the handbook for training. I would recommend that you go visit the new library when has been transformed and the IT classes held there and the turnover of leaders within the Public Service, the CEO's of DDA's, the program managers in your districts or even the PHA that we are training as well.

The Public Service Minister was one of the first graduates through this executive development program. I want to specifically mention that the private sector is now coming in. For example Divine Word University is offering Master's Program in Public Administration the SP Brewery is funding those positions so executive leaders in the Public Service can be trained.

The private sector is now providing some capital and support to create scholarship provisions to this important institution and I think it brings in this new plate of Public Private Partnership where the private sector can benefit enormously on those that are coming out of this important institutions.

So, I stand to support the Bill, thank you, Mr Speaker.

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

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

Bill read a second time.

## Message from the Governor-General

A message from His Excellency, the Governor-General dated 22 November 2017 was announced recommending the expenditure of public monies in accordance with *Section 210*, of the *Constitution* insofar as the Bill relates to and provides for such expenditure.

### Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Elias Kapavore**) proposed –

That the Bill be now read a third time.

**Mr ALLAN BIRD** (East Sepik) – Thank you, Mr Speaker. I wish to lend my support to the Bill, I think this is long overdue. Many of us would have noticed that over the last 10 years we have lacked the executive within our public servants and I have noticed that the Government has been raiding the universities and taking those very capable people to come and fill up those gaps.

As a former chairman of the hospital, I also have realised that issue and as a result, I am pleased that the Minister in putting together the Pacific Institute of Leadership which will put this country back on the right track where we can start to develop the missing middle in terms of the management that is lacking across our entire Public Service.

I believe also that we are seeing the same issues in the discipline forces where there is a missing middle as well in terms of management.

So, with that I am very pleased and I lend my voice in support of the Bill.

Thank you, Mr Speaker.

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

Motion – That the question be now read a second time – put.

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

15/03

*(Voting in progress)*

16/03

The Parliament voted (the Speaker, **Mr Job Pomat** in the Chair) –

**AYES – 85**

**NOES – 0**

The Bill passed with the concurrence of absolute majority as required by the *Constitution*.

Bill read a third time.

**STATE OF FOREST INDUSTRY IN PAPUA NEW GUINEA –  
MINISTERIAL STATEMENT –  
MOTION TO TAKE NOTE OF PAPER**

**Mr DOUGLAS TOMURIESA** (Kiriwina-Goodenough – Minister for Forests) –  
Thank you, Mr Speaker, since my last address to this Parliament in 2014 as Minister for Forests, I rise once again to inform the Honourable Members and the people of Papua New Guinea this great House on the state of Forest Industry in Papua New Guinea.

As we all know, our forest is the main source of livelihood for the majority of our people; some 85 per cent of whom live in the rural areas and continue to depend on their forests for their livelihoods.

Just as the forests provided for our ancestors, our forests continue to provide food for our people and for your information some 500 species of plants are used as food in PNG.

Our forests provide natural remedies for our people to treat many of their ailments and it provides materials for building their shelter and making tools for their own use.

Having healthy forests help to mitigate against flash floods and landslides caused by excessive rainfalls that can disrupt agricultural production and also destroy transport infrastructure and crop lands with the advent of industrial logging since the 1960, the forest industry continues to provide for employment; government revenues, a foreign currency and cash incomes from royalty payments, employment, community service benefits and rural roads and transport infrastructure in the rural communities throughout PNG where industrial logging occurs. According to the Forest Industry Association of Papua New Guinea, the forest industry directly employs 15 000 people and indirectly supports employment of a further 25, 0000 Papua New Guineans.

**17/03**

Annually, the Forest Industry contributes over K300 million directly to Government revenue in the form of:

- The Log Export Tax – K280 million,
- Log Export Development Levy (LEDL) – K29 million and
- Over K40 million annually in Payroll taxes, Corporate taxes, royalty withholding taxes & GST.

The Forest Industry earns foreign currency from exports of forest products amounting to about US\$350 million for K1.2 billion per annum.

Furthermore, it has been estimated that with the multiplier effect, the forest industry contributes over K5 billion per annum to PNG's Gross Domestic Product.

PNG earns over K1.2 billion in foreign exchange from forest products which helps to enable ordinary Papua New Guineans and businesses to purchase and consume imported goods and access international services.

Over the first ten months from January to October of this year, a total of 2.05 million cubic meters of logs were exported from PNG for an average fob price of US\$95/m.

This year from January to October the SGS recorded a total of 43 companies involved in the production of logs and 51 companies were involved in the export of logs.

SGS also detected a total of 62 international buyers of PNG logs although 90 percent of the logs are exported to China.

Mr Speaker, the PNG Forest Authority (PNGFA) was established in 1993 following the enactment of the *Forestry Act 1991* by Parliament to regulate the forest industry.

As a regulatory statutory authority, the PNGFA replaced the former Department of Forests following the recommendations of the iconic Barnett Commission of Inquiry into Forest.

The *Forestry Act 1991* was formulated with a great deal of influence and coercion by the World Bank upon the PNG Government.

The current *Forestry Act* has been in operation for over 25 years and needs to be revisited to take into consideration developments that have occurred since, both within PNG and globally, which have implications on the proper functioning and management of our forests.

In 1990, when the World Bank and the IMF imposed their Structural Adjustment Program (SAP) on PNG, in addition to many of their dictates, they also dictated that PNG must adopt a more sustainable management of our forest resources.

The main features of the current legislation, the *Forestry Act 1991*, are that the old timber harvesting arrangements under Timber rights Purchase (TRP) and the Local Forest Area (LFA) were replaced by the new arrangement for acquisition of timber rights under the Forest Management Agreement of FMA.

Whilst the sustainable management of forests is logical, the manner of achieving sustainability within the current system under the FMA may not be ideal for our forest resource owners.

The FMA concept was created at the behest of the World Bank and their friends in a bid to facilitate sustainability in the forest industry in Papua New Guinea.

**18/03**

However, I am advised that the current FMA system for forest utilisation may be unfair to our forest resource owners as it denies most of them immediate access to potential cash income that may be generated from their forests.

Within the current FMA system many of our landowners would still miss out on their development benefits of their forests if the area of their forest does not contain sufficient volumes of merchantable timber for commercial logging for at least 35 years. And even if one forest is included in with that of other forest resource owners in the contiguous areas to

make an FMA last at least 35 years logging may not commence in some areas until 30 years later thus denying some forest resource owners immediate income from their forest resources.

As a consequence of its Structural Adjustment Programme the World Bank caused the PNG Government in 1992 to impose a moratorium in PNG. The smart logging operations then used these Special Agriculture and Business Lease, now called SABL, created earlier in the 1980s also at the behest of the World Bank in the guide of promoting agricultural investments in PNG to gain access to more forest areas. With the SABL virtually overnight the total alienated land increased from three per cent after Independence in 1975 to over 20 per cent in 2011.

Mr Speaker, as leaders we cannot allow unscrupulous investors, especially foreigners to deceive our people and steal their land from them. We should not enable making any of our people landless or even limit access to their rightful inheritance, the lands that they have inherited from their ancestors.

When I assumed the chairmanship of the Ministerial Committee on SABL in 2013, my committee recommended to the Prime Minister that the SABL concept be abolished. The Prime Minister whole-heartedly supported my committee's stance and the NEC has since adopted the recommendation to do away with SABLs as a concept. However, because of the sensitivities and implications of the potential liability issues involved individual SABLs have to be treated on a case by case basis.

Mr Speaker, it cannot be denied that certain agricultural projects developed on SABL land had led to spectacular developments in some parts of PNG such as in East New Britain and East Sepik provinces.

In the long term the future of the country lies in the development of its resources, including land. However, if we need land for agricultural or any other development it must be acquired properly by the State from the traditional landowners and made available to developers.

Whilst there is global concern about development conversion on forested land to other developments, in PNG we do not face the same magnitude of destruction of forests by permanent conversion of forest to agriculture.

Internationally respected studies such as by the International Tropical Timber Organization (ITTO) have concluded that tropical agriculture is not the main cause of reforestation in the world. Historically and even now the main cause of deforestation in the

world has been cattle and sheep farming followed by soya bean and maize cultivation which cover large areas of land in the temperate climate.

In terms of emissions related to agricultural activities cattle and sheep farming are the biggest cause of release of methane and carbon dioxide the two most potent greenhouse gasses in the atmosphere than tropical farming of plantation crops such as oil palm.

Despite these facts international NGOs are always very selective and choose to ignore these issues in their own countries and come and use Papua New Guinea based NGOs to oppose genuine development projects such as tropical farming of cash crops that can directly benefit our people.

**19/03**

I am aware that there are concerted efforts by various international communities spearheaded by various groups and NGOs to prevent international trade in tropical wood products in countries such as Papua New Guinea.

These NGOs and their sponsors are campaigning for outright ban on importation of palm oil into countries and economic regions of the world using the pretext of promoting sustainability and climate change.

In the turn of the last century, developed countries such as Australia removed their tropical rainforest to make way for farm land. Today Australia is the biggest per capital emitter of greenhouse gas from its sheep and cattle farm and its coal industry.

PNG Forest Industry Association informed us that countries like Australia are now doing their best to prevent export of PNGs timber into their market. Their NGOs are also lobbying against PNG forest industry and expansion of oil palm in PNG. I have raised this concern with the Australian authorities recently.

Mr Speaker, as a nation we have to remain vigilant at all times. We must be aware of such activities and lobbyist and vigorously defend our nation as a sovereign state and fight for our people's economic interest.

As an independent nation, we determine our own destiny and not allow ourselves to be dictated by activists, NGOs and other special interest groups acting on behalf of certain government and other outside forces. Our people are badly in need of government income and services therefore as a government, we cannot deny our people of their inheritance.

Like everyone else, forest resource owners in PNG have the right to benefit from the development of their land and their resources.

As mentioned earlier, PNG Forest Authority was created as part of a concerted effort to address issues raised in the Bennett Inquiry in the Commission of enquiry.

The three main issues raised in the Barnett Commission of Inquiry into forest in 1980 are in relation to export of logs from PNG; (1) Misspecifications of logs (2) Under-declaration of logs in a shipment (3) Allegations of transfer of pricing.

Misspecification of logs occur when an exporter of logs fail to specify the composition of species of logs in a shipment thus undervaluing the value of high price species of logs from Papua New Guinea.

Under declaration of logs is a shipment that happens when an exporter declares a low volume of logs than the actual shipment hence lowering the actual value of the entire shipment of logs from Papua New Guinea.

Mr Speaker, as the Minister for Forest, I am glad to report to this honourable House that these two issues of Misspecification and under declaration of logs are no longer happening in the forest industry. These issues ceased when government engaged the SGS to independently monitor the export of logs from Papua New Guinea.

SGS is a world leading, inspecting, verification, testing and Certification Company that operates over 2000 offices and laboratories all around the world with impeccable record that is second to none. The SGS has been established since 1994 to monitor export of logs from Papua New Guinea. They count and measure every species of logs that leave the shores from every ports in PNG.

Each individual species of logs are given a bar-code which records where it comes from, its species, how long and how wide it is and the name of the exporter involved and the inspection details.

Mr Speaker, I am informed that no other country does this except for Papua New Guinea.

Log export from Papua New Guinea is transparent and can be checked by everyone. The SGS independently publishes a very detailed monthly report of logs export from Papua New Guinea. This report is distributed free of charge to everyone who wants a copy.

**20/03**

Call or visit the SGF office within the PNG Forest Authority office at Hohola or subscribe and send and receive through email.



On the issue of transfer pricing, there is few suspicion that it might still be happening in some instances. Although I believe that most has subsided a great deal since the Barnett Inquiry, transfer pricing is not unique to the forest industry and unique to PNG alone. Many international multi-national corporations engage in transfer pricing to avoid paying tax. This can happen in any business.

In PNG, suspicions of transfer pricing continue in the exports of logs because there is no commodity exchange for timber and other publicly trade commodities which have an international commodity exchange such as tea, coffee, cocoa, oil palm, copra, etcetera, all international commodity exchange. A commodity exchange gives a daily world market clearing price; and because of the multi-use of natural forest for timber, there is no international exchange for timber, to provide a guide as to the proper market price for timber.

Negotiations for sale and pricing of logs is an entirely private affair between the buyer and the seller. The PNG Forest Authority only records and monitors the market for log prices but cannot set a minimum price. Similarly the international Timber Organisation also monitors the export prices for logs and timbers but do not set a minimum price. To counter this suspicion of transfer pricing, the Government instituted the log export tax based on the Freight On-board, export value of logs.

The log export tax since January this year is currently fixed at 32.5 percent at US dollar value per cubic meter. While some might consider the method of taxation to be draconian, it is perhaps the only way to ensure that the State receives some revenue from the forest industry and no other industry is taxed this way. As a result, the logging industry is paying a tax equivalent to 32.5 percent of gross revenue in log export tax. Interestingly when compared to the extractive industry, namely the mining and petroleum industry, which pay cooperate tax on their net profit, the equivalent tax that these extractive industries pay on a gross revenue basis amounts to about 12 per cent whereas, for the forest industry, it is over 30 per cent of gross revenue.

Mr Speaker, it would be very interesting to note comparatively how much in tax other industries in PNG such as agriculture and fisheries pay to the country on an industry or subsector basis. As Minister, I recently initiated an additional measure in the already very tight control on documentation of log exports from PNG. Log exporters are required to provide evidence that the proceeds from their previous shipment have in fact arrived in PNG Bank accounts before a new export permit can be issued. This additional step is necessary to ensure the foreign exchange proceeds a brought into the country and also it will enable IRC

to properly inspect their books so that they pay their right amount on taxes. Over the past three years as minister responsible, I have noted a number of short comings in the forestry regulatory framework; some of which need to be revised to make the *Forestry Act* more effective, in regulating the industry and to remove the unnecessary bottlenecks that only increase the workload for PNG Forest Authority officers with much benefit to the industry.

21/03

### **Constraints**

The main constraints faced by the PNGFA include:

- (1) Insufficient manpower.
- (2) Lack of continuous training and improvement program for staff.
- (3) Limited funding for the National Budget which like all other government activities is subject to the vagaries of national government budget funding.
- (4) Operations within the existing cumbersome and archaic regulatory framework; for example the 36 steps approval process for FMA which takes almost forever to finalist.

Mr Speaker, despite all these constrains, I am pleased to report to this honourable member house the achievements during my tenure as Minister for Forest since 2014.

### **Paris COP21 (Conference of Parties #21)**

My ministry successfully contributed to the Paris COP21 conference on Climate Change in 2015 which was also attended by Prime Minister and fellow senior Ministers namely, the Minister for Foreign Affairs Rimbink Pato, Charles Abel the then Minister for National Planning and Implementation and current Minister for Environment and Climate Change, John Pundari.

The very successful COP 21 led to the entire international community agreeing to limit the rise in the global temperature into 1.5 degree per cent target for mitigating global warming under the *Paris Agreement* on climate change, although we have seen in the media that President Donald Trump has pulled USA out of the *Paris Agreement*.

### **APEC Ministers Response for Forest Meeting**

In October 2015 we successfully hosted the first ever ministerial meeting of APEC Ministers in Papua New Guinea. Of the total 21 member economies of APEC, 19 were represented at either the Ministerial or Senior Officials level at the APEC Forest Ministers hosted by PNG in Port Moresby.

### **National Forest Inventory (NFI)**

For the first time in PNG's history, the PNGFA with the help of some of our closest international development partners, namely; the European Union (EU), the Food and Agriculture organisation of the UN (FAO) and; the Japanese International Cooperating Agency (JICA) is now conducting the National Forest Inventory (NFI) right across PNG which will give us a better idea of the composition of our forests.

The NFI was launched by the Prime Minister and commenced in 2016 and is expected to conclude in 2018. I am told that most countries in the world have not yet done an NFI for their forest.

Once completed data from the NFI will give our planners a better knowledge of the composition of the fauna and flora- the animals and the plants of our forest. The data from the NFI survey also will give us a better indication of the real value of our forests and enable us to improve our plans and regulatory framework for the sustainable management of our forests.

### **Planting Trees**

PNGFA has established a target of planting 800 000 ha of trees on unforested lands by 2050. Taken together this figure may sound intimidating but it amounts to only about 300 ha per district per year until 2050 and is achievable.

I encourage all members of parliament to follow the example of the Governor of Western Highlands, Right Hon Paias Wingti, and get involved in the planting of trees in your respective provinces and district.

PNGFA officers as part of the PNGFA's impact projects will be visiting our communities in all the districts and provinces to encourage owners of deforested and degraded lands to plant trees to enable them to have wood for their own uses in the future.

### **Approval of the PNGFA as a Self-Financing Agency**

The NEC in 2014 approved my submission to make the PNGFA a self-financing government agency. However, my attempt to implement this government decision was a rebuffed by the Supreme Court which nullified Section 121 of the *Forestry Act* and the accompanying Section 223 of the *Forestry Regulations*.

Mr Speaker, I aim to bring to this session of parliament amendments to the *Forestry Act* to reinstate the powers to enable the PNGFA to become a fully functional self-financing government regulatory agency. I will need the support of the members to get the amendments passed.

22/03

Mr Speaker, I aim to bring to this Session of Parliament Amendments to the *Forest Act* to reinstate the powers to enable the Papua New Guinea Forest Authority to become a fully functional self-financing government regulatory agent.

Mr Speaker and honourable Members, I will be calling upon your support to get the proposed amendments passed.

### **Abolishing the SABL**

As chairman of the SABL's, I recommend the abolishing of the SABL's. The major issues facing the Forest Industry have been the inequitably of financial benefits from commercial logging to forest resource owners and the negative and often emotional campaign based on dubious premises by some domestic and international activists NGO's regarding pricing of logs and deforestation.

### **The way forward.**

Mr Speaker, I would like to draw the attention of the honourable House to what I consider to be the way forward for the forest industry in PNG to ensure that our forests will continue to be harvested sustainably for the benefit of the future generations of Papua New Guineas.

These measures include:

- (1) Thorough review of the forest industry,
- (2) Review of the forest regulatory framework,
- (3) A new corporate plan for PNGFA,
- (4) Formulation of appropriate forest and national development strategies based on the outcome of the inventory program.

### **Industry Review**

It is my plan that a thorough review of the forest industry in PNG must be carried out. This will entail a review of legislative framework as well as official policy and standards of practice for the forest industry with a view to improving PNG's competitive advantages as an important regional producer of logs and timber.

More importantly, we must find out whether Papua New Guinea can afford to completely abolish exports of unprocessed round logs and whether as a country we can produce and competitively export intermediate processed forest products such as timber, plywood, veneer, et cetera, and finished forest products such as prefabricated buildings, customer specified timber, et cetera in the international market.

Mr Speaker and honourable Members, at this juncture it is worth noting that in the 1990's the World Bank fully supported the exports of round logs from Papua New Guinea and opposed efforts to promote downstream processing would be uneconomical.

Moreover, we need to find out if the main climate change compensatory facility available to Papua New Guinea, namely Reduction in Emissions from the Deforestation of forests (REDD+) is a real and genuine alternative to logging in Papua New Guinea.

If the much talked about benefits from REDD+ is real and will begin to flow, our people can keep their forests and yet receive compensatory cash incomes and other benefits by participating in the REDD+ Program.

If Papua New Guinea were to save its forests as a store for carbon as part of the global effort for managing the effects of global warming and climate change then our people must be adequately compensated for their loss of earning incomes from saving their forests.

Mr Speaker, under the Paris Agreement on Climate Change, REDD+ will be financed by the international community based on a penalty paid by polluters based on the amount of greenhouse gas emissions into the environment.

As a net negative greenhouse gas emissions country, Papua New Guinea will be eligible as a recipient of financial incentives from the Green Climate Fund (GCF).

It is anticipated that the Paris Agreement on Climate Change of which Papua New Guinea is a signatory, will be accumulating some US\$100 billion annually from contributions from the international community into the Green Climate Fund starting 2020 for funding Climate Change Programs including REDD+.

23/03

The Paris Agreement also includes blue carbon from the ocean. As an Island nation PNG will also benefit from blue carbon program.

Mr Speaker, the suggested review that I mentioned would take into consideration:

- the technological advancements in logging, in forest management and in downstream processing,
- our strategic geographical location as a major regional producer of forest products,
- our international obligation as a member of the International Treaties,
- other countries regulatory regime such as forest industry certification systems which may impact on PNG's ability to export logs, timber and timber products,
- the costs of doing business in PNG, including the forest revenue system, etc and,

- the socio-economic impact of logging operations on the lives of the logging communities.

### **Review of the legislative framework**

When reviewing the regulatory framework we shall include:

- making the FMA as a sustainable and more equitable arrangement for harvesting logs from our forests,
- the composition of membership of the National Forest Board with a view to increasing the number of forest resource owner representatives on the National Forest Board,
- and enactment of appropriate enabling legislation for facilitation of REDD+.

### **Papua New Guinea Forest Authority Corporate Plan.**

The review of the PNGFA Corporate plan will focus on:

- manpower requirements,
- human resource training,
- twining with similar international institutions,
- setting of objectives and goals for the industry, etc.

To enable the PNGFA to more effectively carry out its regulatory functions and industry-wide promotional activities.

A new role, I envisage for the PNGFA is the establishment of a Rural Development arm of the PNGFA to implement rural development projects funded under the Log Export Development Levy (LEDL) for areas affected by industrial logging.

As a self-financing operation, the envisaged rural development function of the PNGFA will promote basic sustainable development technologies that can enhance the livelihoods of our people such as low cost durable housing, safe water supply, hygienic sanitation facilities, etc.

### **National Forest Inventory (NFI)**

After the conclusion of the NFI, the PNGFA will be in a better position to advise the Government and the people of PNG of the intrinsic value of their forest, i.e. the natural worth of their forests. Accordingly, appropriate strategies for maximising benefits to the country including forest resource owners can be adopted.

In conclusion, Mr Speaker, I am happy to report that our forests continue to be managed on a sustainable basis.

As Minister, I would like to see our forest resource owners benefit more proportionately from the exploitation of their inherited wealth. Accordingly, I will soon be seeking approval of the NEC to increase royalty payments to forest resource owners.

Currently, forest resources owners only receive royalties, whereas in addition to their royalties, they could also be receiving dividends from their forests if they are permitted to take up shareholdings in logging operations in their respective areas.

Thank you Mr Speaker and honourable Members.

24/03

**Mr MICHAEL NALI** (Mendi – Minister for Works and Implementation) – I move –

That the Parliament take note of the paper.

Mr Speaker, I thank the Honourable Minister for Forest for bringing this Statement to Parliament. As a colleague Minister, I don't want to debate the Minister's statement but I think it is important that sometimes we have to debate freely on these issues.

Mr Speaker, I came into Parliament in 1992 when the right Honourable Paias Wingti was Prime Minister and Tim Neville was the Minister for Forest followed by Andrew Baing and the Opposition Leader.

Mr Speaker, when we are in Parliament we talk about the forest. These trees take ages to grow. I guess, those who study the trees probably start at the centre of the tree and towards its skin to determine its age. I am not a forester so I won't go into further details. But the trees are an invaluable resource to our rural people. Without trees, you cannot build a house to provide comfort and shelter for your family. A man who does not have forests does not have status. In the Highlands, we plant the *Yar* tree and in the coastal area I think they plant different species. In my home in Port Moresby, I have planted the *Yar* trees. As Highlander it is part of my tradition because if you don't plant a *Yar* tree it means you have lost your prestige.

Mr Speaker, since I was a young man, I have planted the *Yar* tree, the *Karuka* tree and every day, I would use the pitpit stem to measure my trees to see if it was growing. And it was exciting to see the trees grow, such as those in the forests.

Mr Speaker, we come here to Parliament to make big policies and this passion and closeness with the forest exists in us all. But Mr Speaker, there is something wrong with us.

We make policies and laws but we do not make it our business to make sure those logging companies that obtain the logging permits comply with our regulations.

Mr Speaker, in supporting the Ministers statement, I want to tell the Minister that it is very important to make sure that our officers within the National Forest Authority must perform their duties effectively by ensuring that these loggers comply with our laws. We have emphasised strongly over the years that we will not allow round logs to be exported and we set a seasonal ban to allow the trees to grow to a certain age.

**25/03**

Mr Speaker, as you drive out of here towards Brown River or Doa plantation, you will see trees with big leaves. The colour of the leaves are yellowish green. These are fig trees and timber is extracted from it. These timbers were used to make furniture for Parliament House too. These are very important trees.

I think the man who planted these trees is somebody by the name of Griffin. I believe he is father of the young lawyer who lost his life at Lamana Hotel.

Very quietly all these trees have been cut and taken away. I do not know whether this is done because of our ignorance. But I know that the trees cut and logged out of here have made a lot of money. If you go back there again, you will see that new shoots are already growing. The good thing is that fig trees can grow anywhere in Port Moresby and in the nearby villages. So what I want to say here is that when we cut down the trees we must replant them again.

Those of us living in the mountains and hilly land it is difficult for a bulldozer to go in there to chop down trees unlike the lower land area of Momase or the New Guinea Islands region. So many forest companies have been there cutting down trees. This has also prompted them to cut roads too.

In many cases, because of the terrain the forest companies are doing selective logging.

My brain is always at work and I am wondering and thinking too about these issues. I also know that oil palms can grow in many places in the country but after chopping down the trees grass begins to grow in its place. We can grow oil palm in East New Britain, West New Britain and in Milne Bay.

Mr Speaker, when we give a license to the loggers, we should also make it our business to ensure that replanting is taking place.



At one time, we had a policy that says, for every tree that is cut, we must replant one or two trees. Today, I do not think one tree is ever grown. This is because of our ignorance. But I tell you, if we grow the trees, we will have plenty of money too.

We, in the Highlands grow the gum tree. Our soil is very fertile and we can plant a gum tree anywhere.

I planted some in 1992 and 1993. My trees have grown after 20 years and I am able to cut it down to build myself a house. This simply means we can grow trees, so the Forest Authority must encourage our people to do so.

26/03

Mr Speaker, I also noticed on my flight to Wau/Bulolo on my recent visit to the 'Missing Link' that Wau/Bulolo is still the same. When I was a child I heard of Wau/Bulolo and PNG Forest Products. I am now old but they are still there.

We have also read in the print media that there are some reforestation going on there which was destroyed by bushfire so I am of the view that Wau/Bulolo is doing very well. But there are some problems associated with it and that is, this is a private enterprise embarking on this exercise and providing employment to a lot of our people and are providing services through infrastructure and taxes.

**Mr Garry Juffa** – Point of Order! Can the Minister cut it short because time is running out and many of us need to talk on the Minister's paper?

**Mr SPEAKER** – Your Point of Order is out of order. His time has not lapsed yet.

**Mr MCHAEEL NALI** – Thank you, Mr Speaker. It is alright, my brother, Governor, you will get your opportunity to speak.

In Port Moresby we must not assume that the gum tree that we see around have no use. When the wind blows the gum tree moves because it has a duty to provide fresh air to us and yet right under our noses we are allowing people to cut them down. Out of all the trees in Port Moresby many of the gum trees are almost extinct now.

The other problem that we have is that we are allowing people to set bushfires to burn down all these trees by not policing them.

Members who are affected by the harvesting of trees may speak more on this but I have trees most of which are being eaten by a company called Beechwood. It has felled all the trees so on the side of Mt Giluwe you will notice that there are patches of forest while other areas have canes. The canes are growing where my trees have been stolen.

All of us have had bad experiences in forestry but I think one area that we really need to look at is that we need to look at the benefits accruing to our people in the forestry sector.

I think because we are in Port Moresby we fail to monitor the areas where foresting should have happened allowing people to harvest areas they are not supposed to.

Mr Speaker, with that, thank you for the opportunity to debate.

**Mr GARRY JUFFA (Northern)** – Thank you, Mr Speaker. I would also like to talk about this paper on the matter of forestry.

Firstly, I commend the Minister for presenting this paper. I disagreed with him on some points that he has put here, especially that we are managing forestry in a sustainable manner.

I don't think we are managing forestry of this country in a sustainable manner. And I will say a few words to emphasise why I have come to this conclusion.

It's commendable that the Government is finally moving on the SABL issue. The reports that were presented indicated that 90 plus percent of those SABLs were illegally granted, unlawfully granted or operating illegally and so on with only a very small fraction, less than five percent being actual SABLs. These were benefitting the people in some way or another.

The Minister spoke at length about how we are charged with the responsibility of managing our resources in such a way that they benefit our people but I can tell you that the Forestry Department is failing. It's failing in its effort to discharge its responsibility.

And in fact, everywhere in Papua New Guinea where there are forested areas, landowners and resource owners, you will find misery and bitterness because they have been totally ignored. In many instances, they have been brutalised by the police, a State entity which is supposed to be protecting their interests.

I agree with the Minister for Works in regard to how we are great at putting together laws and developing and designing amazing policies but in the part of enforcement and administration, review and monitoring, we don't do very well.

27/03

I had a very recent example of these where in my province just recently, a significant volume of forested land was through very dubious circumstances during the General Election period, by corrupt officers in my administration and in the Forest Department facilitated and granted to a logging company under an FCA which is the new version or rehearsed version of the SABL.

I inspected this logging area and I was surprised to see logs been suddenly transported out on vehicles driven by foreigners, and I thought to myself, why is this happening when we have a standing directive in place whereby any forest development activities in my province must come before the PEC.

So went looking for the provincial forest officer who was very hard to find because he was not around. Might I say, they are very rare creatures in the provinces and they should be on the list of endangered species of humans and creatures because you can't find them when you need them the most.

Anyway, I found this rare creature somewhere and dragged him with me to the inspection site. I also took with me one of the Deputy Administrators who had acted as the Chairman of the Provincial Forest Management Committee. He had not been appointed by the Provincial Administrator but he took it upon himself to appoint himself to be the Chairman and they had endorsed this FCA and sent it to the Department of Forest where it was agreed to by the Board apparently without the information coming from your Department itself.

I found this out because there are some good officers in the PNG Forest Authority. They informed me and I quote, "Governor, we have no idea about this."

Even the Forest officer agreed with me that he had no idea about this and he had been bypassed completely.

I asked the landowners on how they came up with this agreement and there was already conflict there. Clans were at odds with one another. Some Clans said this is our land and those guys just have land user rights and they don't have any right to cut this tress without our permission and we are now going to Court on this issue.

Meanwhile, the trees were still being cut, in complete breach of the FCA that they had been granted. Because the FCA requires them to start planting in 120 days the cash crops they are supposed be planting. They are not supposed to cut trees near the river sides, streams

and waterways. But they had already cut all those trees. They are also not supposed to cut trees on certain inclines or hills but they had already cut all of that.

When I arrived there I communicated with these foreigners in *Tokpisin* because none of them could speak English and here they are all operating chainsaws.

This is a classic example of what happens.

Mr Speaker, apparently, they had taken a gamble that I would not return in this Elections. A gamble that they have now lost.

This is an example of what is happening in many of the provinces. The provincial forest officers are either not at work or don't have the capacity or are being bypassed completely.

I totally agree with the Works Minister here on how we are treating our forest.

Mr Speaker, these figures that they are telling us that they are paying us in taxes, common, let us be intelligent here. This is only a mere fraction of what they really owe us. Come on let us be intelligent! Do you know for instance that SGS only inspects 10 percent of the shipments and in each report that they present, there are serious discrepancies?

**Mr Douglas Tomurieasa** – Point of Order! Mr Speaker, I believe the learned Governor with his assumption of 10 per cent of the inspection done by the SGS should be approved. I mentioned in the speech that SGS every month gives out a report and based on that report, it shows very clearly that they do inspections on all areas in Papua New Guinea not only 10 percent. Let me encourage the learned Governor to come to my office monthly and collect a report of the SGS so he can prove to himself that the inspections are done on all the logging sites in the country.

**Mr SPEAKER** – Honourable Governor, continue.

**28/03**

**Mr GARY JUFFA** – Actually, it is ten percent of the shipment, not the forested areas and I know this because I used to review and analyse those reports when I was commissioner of Customs. We had undertaken a project to actually review all those shipments of which significant discrepancies like avoidance of taxes being paid by these companies but unfortunately this project never continued after I left the department and perhaps the Treasury Minister should take note.

There are significant amount of taxes that a due to this country that are being avoided by these companies. I will visit your office and will bring those reports with me. We will go through them and you will see that I am right.

Going back to managing our forest resources; let me say that a significant number of these companies are not genuine operators, they are criminal cartels. I know this because I was investigating many of these companies and we were taking most of them to task. I will not name anyone and some of them have been deceased and others have had their companies wind down and disappeared; probably will emerge in another form. These companies and persons are avoiding paying significant taxes to this country because that is how criminal cartels operate.

When we introduced the Look North Policy, we let in all manner of people and entities into this country; some were genuine and others were not. Those not genuine ones have come in here and have taken advantage of the fact that we have a problem with enforcing and administrating our laws just as the good Minister for Works has pointed out which many of us have mentioned on this Floor many times. For example, if we were enforcing our laws, that FCA that I had inspected, first and foremost, why are chainsaw operators and truck drivers are from other countries? How did they obtain their work permits?

Secondly, FCA is granted on the basis that there are supposed to be agricultural activities after these activities. These are logging companies, they have never planted cash crops in their entire term that they have been in the country. How were they given their FCA and what was the due diligence carried out to do so by the Department to show that these companies are actually going to do what they are supposed to do?

Thirdly, are these companies tax compliant? Well, we do not know that.

Mr Speaker, the tax office is always flowing in a cumbersome flow manner, hardly catching the people that are avoiding taxes and penalising those that actually pay taxes. What I am saying here is that we have vast forest resources but we have to managed them in an intelligent and prudent manner, to maximise the benefits. We must also manage them in such a way that the people who own these resources also benefit. We cannot use State resources to intimidate, punish and harass our own people. That is not why we are here.

We must also identify these criminal cartels that are operating here. They are as powerful as you can imagine and many of them put people against me in this last election. That is what they do. They manipulate the Public Service, the political landscape; you may not think so but they do. And that is why they are so successful because they do it in such a

way that you do not even realise that it is happening. We are an independent nation and we must act accordingly. We cannot be manipulated and recolonised by criminal enterprises that take advantage of our weakness to enforce and administrate the very laws that we continue to pass on this Floor time and time again. Our people can benefit from these resources and there is nothing stopping us from setting up downstream processing facilities and entering into business partnerships that actually work.

Mr Speaker, let us look at Singapore and see how they have done that. Where their state owns a percentage of almost every major activity in their economy that is why they do not charge taxes because that is how they derive their internal revenue. We can do this with timber and it is not rocket science to go cut and process a tree, sending it off shore and collect the revenue.

Stop paying royalties, it is a very colonial outdated type of system that is actually an insult to you and I. What about benefits after production? That is what we should be considering with all our resources. Benefits after production so that we will be paid what we really deserve to be paid, especially our people. If you are putting this committee together I would like to be on that committee. As for tax dues, if you doubt me, give me some resources and I go after these companies. I guarantee I will get you more money than you've ever seen in this last five years from this characters who have not been paying their taxes, and shipping off their money in very cleverly designed tax evasion schemes and scams.

**29/03**

I also agreed with the Minister on NGOs. We have a large number of NGOs telling us not to cut any trees, twigs, grass? What are supposed to do, sit and stare at our forest and starve to death while the rest of the world develop? There has to be a balance so that we can give a portion of our land for development purposes.

We must do that in a sustainable manner where all parties agree through resource owners benefits.

At the same time, the Minister needs to put in place a black book of criminals and middlemen that are running around pretending to be landowners and packaging FCAs, FMAs and TRPs and running to these big criminal cartels and selling them off. All of a sudden, log sheets are appearing and trucks are running in there cutting down all the trees. We are going to Court back and forth, clans are continuously fighting, houses are being burnt, and people

are killed, while they take all their timber out, collect all the money and moved to the next project without planting a single tree, let alone a cash crop.

**Mr CHRIS HAIVETA (Gulf)** – Before I debate on the Minister's statement, may I seek leave of the Chair to ask you a question?

**Mr SPEAKER** – Leave is not granted.

**Mr CHRIS HAIVETA** – Mr Speaker, I stand to support the Minister on his statement, especially made on the review he has brought because it's high time that this industry be reviewed.

I urge the Minister to include in this review provincial participation including the landowners from provinces where there a plenty concessions such as Gulf, Oro, East New Britain, West New Britain, West Sepik, East Sepik and others provinces where we have these bad experiences at the provincial level together with our landowners.

Mr Speaker, the experiences that we had are not very good for example, in my province, half of it is under logging concessions. You are very well aware that all these logging concessions have lapsed for about 6-7 years and they have not been reviewed even though permits are still in existence and logging is still continuing.

The mechanisms of consultation in getting your officers to go down and engage with provincial officers, landowners and the developers to come together and review these agreement of the last 6-7 years which are very bad and very poor. I don't know about other provinces but Minister, please you need to work together with me so that we can resolve these outstanding issues and bringing to light the problems that the honourable Governor of Northern was raising.

The second issue is LEDL. In the last term, a lot of money was given under an NEC decision to Members of Parliament who without consultation with concession owners and landowners, and provincial governments went ahead and spent these funds to fund their elections.

30/03

I for one would like to state that in my province, landowners from many of these concessions did not receive any benefits at all out of all these LEDL Funds that were earmarked for my province.

So you need to review the guidelines and go back to NEC and have consultations with the provinces and landowners in a way where we can start delivering services to the concession areas first, to the LLGs, to the district and then to the province. That is the second issue I want to raise with respect to your paper.

The third issue is that in the review, you should consider looking at a State Marketing Option. We're talking about transfer pricing, the only way the State can really tell that there is no transfer pricing going on in these concessions is to allow a certain percentage, if it is 10 per cent or 20 per cent from every concession for the State to actually go to the market itself and test the market to see if companies are being honest or not. So in the review of the legislation under the *Act* you should include a State Marketing Option as well.

In government policy in oil and gas we've put a DMO, a domestic market obligation, why can't we do it? We can sell round logs but let's get the industry going again. Our timber is some of the best in the world. Why do we export to places like China and then we import it back at very high cost?

So, Mr Speaker, we should really look at a DMO Policy in the review and encourage down-stream processing immediately.

Fourthly, Mr Speaker, I totally support my colleague, the Minister for Works and Member for Mendi in his comments about roads.

When we do concession areas, there is no consultation at all. We have a National Road Network and if a concession area is granted, we must make it mandatory that the developer has to consult with the Department of Works, he has to consult with the Ports Authority, and he has got to consult with the National Airports Corporation. Why? Because there are national and provincial priorities in these areas and if he can meet it then he must be made to pay for this as part of the development of that concession.

So, Minister, I ask you that in your review, you should have a look at this and to make it mandatory that roads, ports and airport in concession areas must be made to align with national and provincial plans.

Mr Speaker, on landowner's participation, there are various ways to look at it. Royalty is a must, it is their timber. But further, the developers must give equity to the



landowners. There must be equity participation for the landowner companies and we need to make it mandatory as well. That's my view.

The last issue Mr Speaker, is on vehicle registration. I bet you that all the machinery in all the concessions have got an exemption from the Department of Transport and that they don't pay for vehicle registration and third party insurance. I know in Gulf they don't. We have estimated to be K200 million to K300 million.

**31/03**

**Mr Westly Nukundj** – Point of Order! The Department of Transport does not exempt registration for motor vehicles or whatever machines operating in that area. They are evading but we are putting policies in place to send enforcement team into the mining areas as well as the logging areas to make sure we take stock of all the machines and vehicles operating in those logging areas and the mining areas. They will be penalised for evading those fees.

**Mr SPEAKER** – Point of Order is in order.

**Mr CHRIS HAIVETA** – Thank you Mr Speaker, from my files which I can show correspondence, his former Secretary has actually been granting exemptions because the power to grant exemptions lies with him and his Department.

What I'm pointing out is that, in the review, we have to make it mandatory that all machineries operating in forest concessions must be properly registered where in my province they are not at the moment. This is something I want both Ministers to take note and work on it.

Lastly Mr Speaker, this is an industry most of our people are in so we've got to make sure the agreements are done expeditiously and the royalties are also paid out on time. Because what happened in my province is that we've turned this landowners in the same way that we have turned the oil and gas landowners into migrants living in Port Moresby waiting for answers.

We've been talking about Public Service and the efficiencies at processing approvals which we do payouts and there's a real need for us to speed up all these processes and the way we deal with our people so I'm raising this as a general concern. Thank you.

**Mr ALLAN BIRD** (East Sepik) – Thank you Mr Speaker. I am happy that there will be a review. Two weeks ago, I suspended my Provincial Forest Board. They are suspended simply because nobody in East Sepik had any idea how licences have been granted and how this people have been operating. I heard the landowners from the areas where logs are being removed complaining to me.

I endorse the comments by the Governor of Oro and the Governor of Gulf. I wonder really if our National Forest Authority is capable of doing its job. If in a place like mine where we have had significant loggings in the past like Hawain and Angoram where they have removed the log, operators have left and no lasting benefits for the landowners. When the operation is happening, the roads are being maintained, the logging bridges are operating but as soon as all the logs are gone, the landowners go back to living in poverty.

In order for us to be responsible for the industry, than why are we logging? If we are going to chop down all these trees and ten years after the operation ceases, the very people who should be benefiting come back and start knocking on the Government's door because there are no lasting benefits then why did we allow the logging in the first place?

**32/03**

When the road collapses and for any of you who come from a logging area, what they do is they cut the big logs, lay them over the river and place dirt on top and that becomes the bridge. Once the logging company is gone, nobody maintains it and the villagers who enjoyed the benefits for a short time no longer do so once the logging stops.

I also have questions about who is making money from the logging industry, is it the government? I am just hearing from the presentation from the Minister that only this year we put in some taxes for 30 per cent. What about the past 40 years when logging was going on? Are we able to do some assessment to figure out exactly how much our government and landowners have benefited? And does that justified that we continue to do it the same way that we have been doing it?

I want to commend the current Deputy Prime Minister for the work that he commissioned under the Strategy for Responsible Sustainable Development and this is a policy of the current Government. A lot of what we need to do to move forward not only in Fisheries but other such extraction sectors that are dependent on the natural environment. The adoption of the rules are quite clear, why don't we adopt them and follow through and make things happen?

There is talk on Reducing Emissions from Deforestation and Degradation (REDD+). My people of April Salome have been trying for almost a decade now to pilot a REDD+ program. Mr Speaker, there are now two groups fighting over this April Salome REDD+ project. There's the landowners and apparently there's another group that have a document from NEC that warrants them to sideline the first group that is working there. I have both groups seeking recognition from me as the governor. I don't know whether I should listen to the landowners or the second group that has the NEC approval.

Mr Speaker, my understanding is the NEC approval came about because these people have been participating in the voluntary market and they made K2 million and suddenly when the money was paid into the account we had this dispute from these two groups. I am curious about the mechanisms that will make REDD+ work and if it can work, can we roll it out in other parts of the country? If that is the case, we need to give some prominence to the REDD+ pilot program so we too can understand as a country whether this is a feasible direction for us to take.

In the last government, there was talk on banning round log exports. I hope it is still on the agenda because in my province there are some logging concessions going on and these are happening under the now famous FCA arrangements. I am not sure how these FCAs came about. If we are going to do some logging, I want us to be very clear on what the outcomes are going to be. If we are logging for agricultural purposes, what are our mechanisms to ensure that the actual agricultural activities take place after the logging? I am curious, if we were to stop all logging operations tomorrow, would that significantly impact either the national Government, landowners, or the provinces.

My province does not receive any revenue from logging as far as I am aware. If there are revenues forth coming from the logging activities my immediate gut feeling is to give it back to the landowners who are affected. That is my opinion. The very people who want to benefit from this activity are not benefitting and when you look at the provincial government, they are not deriving the benefits. Is the National Government deriving a benefit and if so is that the reason why we are allowing this activity to continue? We must be very clear why we are logging and we must be clear about the activities that take place after logging because it takes 50 years to grow a tree.

33/03

If you are growing coffee or cocoa you are harvesting it regularly because you do not have to wait for 50 years. But if you are a forest landowner then you are completely deprived of any future income once the tree is gone.

Mr Speaker, I am very interested in the review that is forthcoming and I expect all of us as representatives of our people to take into consideration why we are still logging when our people are not benefiting. Thank you.

Debate (on motion by **Mr James Marape**) adjourned.

### ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 1.50 p.m..