

SIXTH DAY

Wednesday 29 November 2017
DRAFT HANSARD

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SIXTH DAY

Wednesday 29 November 2017

The Deputy Speaker (**Mr Pesab Jeffrey Komal**) took the Chair.

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

Sitting suspended.

The Deputy Speaker again took the Chair at 10.30 a.m., and invited the Member for Rabaul, **Honourable Dr Allan Marat**, to say Prayers:

'Heavenly Father, we come before you in the name of Jesus Christ. As we stand before You, You know our hearts, You know our minds, You know our spirits. Nothing in the whole of creation can be hidden from you. You are an all-knowing God.

This morning, we come before you asking you to bless this Sitting, bless our thought. What we intend to say this morning, we pray Father God that you shall be in it. We commit the rest of the Sitting into your hands bless the rest of the session and we pray that you will be with us throughout whole of this day because in your name Jesus we Pray. Amen'

QUESTIONS

Enact Defence Policy

Dr ALLAN MARAT – thank you, Mr Deputy Speaker, my questions are directed to the Minister for Foreign Affairs; and I ask the Defence to take note.

Mr Speaker, at Independence, PNG's foreign policy was 'Friends to All, Enemy to None.' that later changed to a policy of 'Selective Engagement'. Today, your Government's foreign policy is 'PNG Connect'.

Mr Speaker, not long ago, I read in one of the daily newspapers, that the Minister for Foreign Affairs was criticising North Korea for its nuclear testing program. That is good but in this era of modern telecommunication's any little or seemingly unimportant publication of

criticism against any country in any means of social media can be easily picked up by the criticised country.

Recently, North Korea threatened to test fire a nuclear ballistic missile into the Pacific. PNG is in the Pacific and as people would say, is 'a sitting duck'.

We also read in the papers about North Korea's threat against Australia because Australia has taken a very clear stance against North Korea's nuclear armament testing program. PNG lies between North Korea and Australia.

My questions are:

(1) What is the Government's policy on nuclear armament and nuclear disarmament?

(2) What steps has the Government taken against such threats from North Korea that would not necessarily expose PNG to a nuclear disaster?

(3) What capacity does PNG have to counter especially nuclear radiation and any other consequential environment damage from North Korea actually firing a nuclear ballistic missile into the Pacific and into Australia?

(4) Why can't the Government move away from its dependence on friendly foreign military powers and begin to take steps to be self-reliant in its Defence development programs?

(5) What compromises on our national sovereignty have the Executive Governments in the past until now exchanged for dependence on friendly foreign military powers?

(6) How many Papua New Guinean nuclear physicists have the Executive Governments of PNG produced in the last 42 years?

(7) Will the current Government consider enacting a national sovereignty and self-reliance act to protect PNG's sovereignty in defence interests in the event of PNG foreign policy of 'PNG Connect' being threatened?

Thankyou Mr Speaker.

02/06

Mr RIMBINK PATO – Mr Deputy Speaker, I thank the Member for Rabaul for these questions. Because all these questions are comprehensive and are far ranging, I would appreciate if the honourable Member could forward me those questions in writing, so that I can give a detailed answer and not speaking in general terms.

But I will get a comprehensive position in terms of our membership in the International Atomic Energy Agency and also through our UN Mission in New York, and

also from the Department so that the people of PNG are aware of what the country's position on these very important issues.

But generally speaking the position is advanced and many of the world's nation is against North Korea is a position of global concern.

So, PNG, therefore, is not alone in taking a position in condemning the actions of North Korea in relation to the security issues on the Korean Peninsula. If the position that PNG is taking is construed to be that of the United States of America, Australia or any of the friendly bilateral partners of our country then we are not speaking to support them, rather we are taking a position that the world does.

We are seeking to implement a number of resolutions of the United Nations Security Council, which has required North Korea to undertake a program of the denuclearisation which it has not adhered to.

In pursuit of our PNG Foreign Policy, which is under review at the moment the PNG Foreign Policy is a matter of constant review 'PNG Connect' is the position that's been put which is the subject of further detailed review and in the context of all of these our policy is to connect. In a globalising world it is important that we must take a position that is the way the world is. Because the world is interconnected, PNG is not like it used to be some 42 years ago. It is so different and it's a regional player and leader on many of the issues, for example, Pacific Island Forum Region (PIF). And the world is looking to PNG in terms of what issues that we are able to muster in our region and speaking for the Pacific. For example, in APEC Summit all the Pacific Island country leaders will be here because that's an opportunity for them through PNG position to network the rest of the world.

So what we are saying is not a position that PNG is taking alone but it's the position of the UN and as we are an active member of UN and regional player in our region. It's important that we connect so it sits in perfectly with our Foreign Policy.

But I will obviously give a detailed reply in the next session of Parliament on some of the important issues which are of concern to our country.

03/06

Reduce Cost of Ambulance

Mr JOE SUNGI – I direct my question to the Minister for Health. Yesterday, my District received a quotation to purchase an ambulance. To my surprise, the price of an ambulance has increased to K201 000 while the coaster bus is going for K170 000.

Mr Deputy Speaker, the coaster bus is used to generate profit while the ambulance is used to save a life. Why is Ela Motors charging K201 000 to purchase an ambulance.

My question is:

Does the Minister have any arrangements in place with the Health Department and the Finance Department to ensure that we purchase the ambulances at a reasonable price to save a life rather than giving us a quote of K201 000?

Mr Ian Ling Stuckey – Remove Ela Motors

Mr JOE SUNGI - Mr Deputy Speaker, I am willing to provide the Minister with the quotation.

Sir PUKA TEMU – I thank the Member for Nuku for his question. Ambulance is an important item in the country. Honourable Member for Nuku knows very well that three quotes are usually required. So it would be nice if the Member can obtain two other quotes.

As you know, these are commercial decisions and we do not have influence over them. But we are looking at standardising an ambulance particularly on how to equip a 10-seater which we usually buy from Ela Motors which is a very good vehicle for Papua New Guinea.

We need a standard ambulance, what equipment should be put in there and how it should be structured then we can negotiate a price in terms of buying 20 or 89 through an agreement so that we can reduce the price.

I would recommend to all the honourable members please ensure that you do not go out and buy ambulance because we want to standardise how to equip it so that it is standard and we know exactly that is needed. We can then work with St John Ambulance to train the drivers, first aid operators, and health workers in the hospitals.

There is a program where some companies do have skills in providing different ranges of ambulances for example: PNGH, they will have an ambulance with full resuscitation equipment including when there is a cardiac arrest there is an electrode machine to defibrillate. Those are the higher level of ambulances whereas in the rural areas where doctors are not available, we may have an oxygen tank up-head and seats for two relatives. So those are the type of standards we will be looking at. So we are looking at two different ranges. A fully equipped ambulance and non-fully equip ambulance.

Supplementary Question

Ambulances Assist Health Sector

Mr JOHN SIMON – I think the Minister should raise an issue with the Minister for Treasury and look at the tax matters on how to assist our health sectors.

Unlike vehicles used for commercial purposes, ambulances are used to assist the work of the Health sector, therefore, if they look at it from this perspective, car dealers can assist the country by selling ambulances at a lower cost.

04/06

Sir PUKA TEMU – Thank you, Mr Deputy Speaker. I think that suggestion is worth looking at but it is part of the negotiations. I think the way to go is to do bulk purchase arrangements with some of motor vehicle suppliers.

I believe the ten-seater is a good vehicle but there are others on the market that we have to look at.

Establish Micro Bank as Commercial Bank

Mr RENBO PAITA – Thank you, Mr Deputy Speaker. I rise to ask my question to the Minister for National Planning.

Mr Deputy Speaker, I thank the Government for setting aside a big portion of our Budget to focus on the SME sector in the country. I think that has created a situation where our people can benefit and it also created equal opportunities for our people to participate in nation building.

Grassroots people in the villages and many SMEs cannot access loans or even open accounts with commercial banks due to the very stringent conditions for opening accounts, high bank fees imposed as well as lending requirements.

(1) What are the plans of the Government to set up our own bank like the former PNGBC to serve 80 per cent of our rural population and better serve the needs of SMEs?

The government has set up People's Micro Bank and has again put in money to it in the 2018 National Budget.

(2) Can this Micro Bank be developed into a fully-fledged commercial bank to provide much needed competition to commercial banks whose primary motive is to make profit or grow shareholders value and to design and deliver people-friendly SME sector as well as accessing credit to fuel money to create new opportunities for our people?

Mr RICHARD MÀRU – Thank you, Mr Deputy Speaker and thank you Member for Finchhafen for these very important questions.

Mr Speaker, the initial idea of setting up People's Micro Bank when I was still at the National Development Bank as its managing director is to eventually transform this bank into a fully-fledged commercial bank so it can compete with other banks to increase competition, reduce fees and design products and services which are tailored to the requirements of our people, especially those in the rural areas.

Mr Deputy Speaker, I am pleased to announce that in the last three years the People's Micro Bank has started to make money and has become more profitable. That is why we have allocated some more money in the Budget to prepare it to apply for the licence to become a fully-fledged commercial bank from next year onwards.

The funds have been allocated and I have met with the management of NDB and told them that this is the last time the Government will provide funding to the People's Micro Bank. It now needs to upscale and become a fully-fledged commercial bank.

It is the intention of Government that next year when we release the funds in the Budget they'll have adequate resources and capital to now apply for a commercial banking licence. They will now be able to meet the requirements of the Central Bank to obtain a commercial banking licence.

It is the Government's desire that this bank must be owned by our people, our provincial government, our DDAs and our communities. It is time we own our own bank which is more people focused and people friendly.

05/06

Mr Deputy Speaker, that is the Government's aim and we want to see our own Banks start up next year to compete with all the other Banks and provide more accessible credit facilities and help our people and spur on our economic growth.

Bougainville – Contractors cease roadworks

Mr TIMOTHY MASIU – Mr Deputy Speaker, I direct my questions to the Minister for Works.

Mr Deputy Speaker, the Works Minister has been travelling throughout the country as reported in the media inspecting roads and bridges.

There are two roads in Bougainville which the National Government funded and now the contractors have stopped working on those roads from Kieta to Toimanapu which

Dekenai Construction was awarded. The Toimanapu to Kangu road works was awarded to Covert Construction.

My questions are as follows;

(1) Can the Minister inform my people whether these two contractors will complete this roads because they were paid exorbitantly?

(2) Can the Minister also make a commitment to visit my district and my people to explain to them why these contractors are not working?

Mr MICHAEL NALI – Mr Deputy Speaker, I thank the Deputy Opposition Leader and Member for South Bougainville for his very important questions.

Mr Deputy Speaker, there are two sides to his question and I can be able to answer one part and if it is alright with you, Mr Deputy Speaker, I can refer this question to my colleague Minister who will respond to this question in detail.

Mr Deputy Speaker, yes, we have close to six major road infrastructure projects currently under the Works program and three of these programs contracts have already been awarded.

Mr Deputy Speaker, the Works Department is only providing supervision and technical advice to the projects. But all of this projects come under the Department of National Planning and Monitoring and I spoke to the Minister on this project two weeks ago and he responded by saying he was awaiting Department of Treasury to release warrants to pay the contractors so they can finish this roads.

So, Mr Deputy Speaker, for the benefit of our people in Bougainville let me ask the Minister for National Planning and Monitoring to answer how far the funding is because they run the projects and we supervise them.

Mr DEPUTY SPEAKER – Honourable Member for Daulo.

Mr Michael Nali – Point of Order! Mr Deputy Speaker, I referred the question to honourable Minister for National Planning and Monitoring to answer part of that question.

Mr DEPUTY SPEAKER – The Minister for National Planning may answer that other part of the question.

Mr RICHARD MARU – Mr Deputy Speaker, I thank you for that good question and I will give an undertaking to check with the Minister For Treasury and his department and I will let the good Member know in due time.

Mr Timothy Masiu – Point of Order! Mr Deputy Speaker, can the Government just give a straight forward answer? They seem to be passing the buck. I am not satisfied with their answers.

Mr DEPUTY SPEAKER – Mr Deputy Opposition Leader, they have already answered your question. Your point of order is out of order.

06/06

Deteriorating Roads

Mr POGIO GHATE – My question is directed to the Minister for Works. Are you aware that my people of Daulo have so long being forgotten? My question is in relation to the road between Asaro and Kungi, I need to have this road connected to the Kundiawa/Gembogl road.

(1) How soon can we expect works to start on these roads?

My second question refers to the Highlands Highway, recently while in my electorate, I noticed there is a very big need for rehabilitation as there is a problems with potholes along the stretch between Lae and up to the highlands. This highway is important and should be maintained at all times.

(2) What criteria is used to award contracts for building this road as they have yet to do a better job?

(3) Can you use your discretion to let the contractors know that they have to do efficient job, one that will last several years and not months?

Mr MICHAEL NALI – I thank the Member for Daulo for his two very important questions. On the first question in relation to the Asaro Kungi road, this road will eventually be linked to Gembogl and is funded from ADB program under Trench 4.

Right now projects under ADB, which are being worked on are those under Trench 3, this road comes under Trench 4 of the ADB projects. We are in talks with ADB to fast track

projects for Trench 4, but they have to complete the road projects under Trench 3 first, before moving to Trench 4.

There are several major road works that will be looked at in trench 4, this will cover other roads that share borders with Daulo etc.

On the question of the Highlands highway; I would say I noticed your concern first hand from a recent visit up there. I have driven from Hagen to Lae and the travelling time is usually 12 hours but it took me almost 14 to 16 hours. The highway needs urgent maintenance. As reported in the Papers today; Trucking companies operating along the highway have raised their concerns on the deteriorating state of the road.

07/06

The Highlands Highway will be funded under the ADB program for US\$ 1 billion, equivalent to about K3 billion. This highway will be in two sections, one starting from Nadzab to Henganofi then to Kagamuga where Simbu section will be included due to landslips.

I had a meeting with the ADB officials and they advised that that rehabilitation contract will come out on Monday for the major contractors to bid.

That is a ten-year program to be maintained so we will continue to maintain sections of the Highlands highway despite tough financial situation but we have very competent people within the Department of Works and we will do everything we can do in our ability to make sure Highlands highway is looked after.

Mr Speaker, relating to the question on road upgrading not in the program, this Government has a zero pothole policy now in place to make sure all upgraded roads from now on has a contractor responsible throughout. The first one in place now under the World Bank funding is up at Kuriva where Dekenai is engaged, to make sure the road from Brown River to Kerema-Malalaua is looked after. We are making sure we keep up with our maintenance program on this issue.

Mr Speaker, my first priority is to make sure that we maintain the existing roads. Second priority is to make sure that we give access to our people living in the rural areas so that they can transport their coffee, cocoa et cetera, to the markets to earn some cash for themselves.

Mr Speaker, it all depends also on what my departments has been allocated by Government, knowing very well where we are, but I will try my best to keep all the roads open as much as I can.

Supplementary Question

Roads in Menyamya

Mr THOMAS PELIKA – The Minister just said that he wants to help every one of us and he had flown on the chopper to various parts of the country to inspect road projects.

08/06

We are located in in the remote areas such as Kaintiba, Marawaka, and others that people in Port Moresby have forgotten. We are in very remote locations and that includes my electorate of Menyamya.

Since you flew there in a helicopter, is there money in the Budget to ensure that our road from Menyamya to Bulolo is opened up?

When I was Member previously vehicles were able to traverse the road from Marawaka to Menyamya. Why is it that vehicles don't run on it anymore?

Previously you can drive from Kaintiba to Kanabea but you cannot anymore. Why? Since the Minister went there on a helicopter, do you have any plans in this Budget or not?

Mr MICHAEL NALI – I appreciate all the questions that have been raised to my portfolio with regard to roads, because it is are an important infrastructure or investment which we all need. When the Prime Minister appointed me as Minister for Works I was elated because of the mammoth task that has been given to me.

My glee stemmed from the fact that I am someone who does that kind of work. I am not a teacher, lawyer, nurse or some others, I am a technical man so I was delighted to get this job and I am prepared to do it.

So, as soon as I got came into office and after thanking the Prime Minister for appointing me I visited many parts of the country. I went to the Highlands Highway. I also went to Menyamya but I did not go by road. I am not very keen on the idea of going there by helicopter but I had no choice. If I wanted to go to Menyamya I can go because it is home. I can go by road but it is going to take a lot of time. Because of the time factor I did not drive

there but I must say that I got the pilot to make sure that he fly that chopper as low as possible so that I can have a good view of the road.

Mr Speaker, I felt so sorry for our people. I sympathise with our people and everywhere I went, though I am an elderly guy I shed tears out of sorrow from the quality of life of our people.

It's a sad state of affairs but who are we going to blame? I have explained many times that we are not like America, Vancouver, New Zealand or where their governments have settled their people in major centres and then they connect the centres by road to ensure they are linked.

We are different. We live in areas where God created us and settled us and you cannot go and make houses or gardens in another person's land. Because of our way of life and the truth of our circumstances the Government will have to make it its business to make sure that they go and look for that particular clan or tribe that our people originate from.

So, I went to Menyamya. It is true. Mr Speaker, it is a place of honey. It is also abounding in coffee and many times coffee is burnt because they pack them in bags but cannot take them out by roads so they set fire to the coffee bags. That is exactly what we are talking about for the agriculture sector.

So, Mr Speaker, I really want to help all of us because 99 per cent of us come from the rural communities and roads are very important.

09/06

In response to the Member for Menyamya's question, I have been to your area so depending on what I can find, I will help you where I can. I want to ask to also do your bit to allocate some of your DSIP funds on your roads. This is your most important infrastructure that you need. If I can find some extra money within the Department then I can assure you that you equally deserve the same preference as other members do. I will assist you wherever I can. Thank you.

Mr Allan Bird – Supplementary Question.

Mr DEPUTY SPEAKER – Honourable Governor, there should only be one supplementary question but you can ask a new question.

Works Department Contract Criteria

Mr ALLAN BIRD – I direct my question to the same Minister and it is a follow on from the Member for Daulo. He raised an important issue where it also concerns the East Sepik Province.

He asked a question regarding what standards or criteria the Department of Works uses to award contracts. I believe everyone including us in East Sepik Province would like to know about the criteria. The Minister did not give a detailed reply when he was asked by the Member for Daulo.

For instance, when the Department of Works gives out contracts, do they consider things like assets of the company or its experience in carrying out road constructions? The Minister mentioned that he is a technical person so this is a technical question which he will be in a very good position to reply.

Mr Deputy Speaker, I would be very interested to know what are the criteria and if they are written down. Is it possible for us to see a copy of it and if not, could the Minister tell the people of East Sepik, people of Daulo and the rest of Papua New Guinea whether such a criteria will be developed and made available?

Mr MICHAEL NALI – I thank the Governor of East Sepik for his question. He looked after me really well when I was in East Sepik and we both observed road conditions there so I also thank him for that.

Mr Deputy Speaker, the Department of Works is not a new and young department from yesterday that has popped up like a mushroom. It has been around for a very long time, even before some of us were born. But because Police, Water Board, Air Port Corporation and others that have done otherwise it has lost most its power.

I am responsible for all the roads in Papua New Guinea and also the standards of buildings or houses in this country. We have very competent personnel in the department who qualify projects that come on board.

Projects under K10 million are evaluated by our competent engineers. When they evaluate projects they look at things like experience and the capacity of the company's assets. They also consider the years of service that this particular company has been in since its commencement of business therefore all projects are properly screened.

Mr Deputy Speaker, I have only been the Works Minister just this year and therefore I am new to the office. I am not aware of many things that were done by my predecessors in

the previous governments. Now that I am the Minister, I am making it my business to make sure things are done properly because I know how much is required to upgrade and seal one kilometre of a two-lane road.

The minimum you can go for is K1.5 million per kilometre or the maximum is K2 million per kilometre. I am talking about the standard sealed roads.

10/06

I am making sure that before a particular contract goes to the evaluation process, I don't go down too low to that part of the process but those are the things that I do to make sure that we do it properly.

Over time, the price has never been talked about because the Department has this idea that if we give out standard pricing, the bidders will bid.

Mr Speaker, I have now instructed the Department of Works to ensure that these issues are not kept secret because we are going to award contracts to those companies that have the technical ability to deliver those projects.

Having said that, honourable Members, when you see that a particular project takes place in your electorate, it comes back to my reputation. It took me a lot of years to build my reputation so I will not listen to you to give contracts to your friends but we are going to give contracts to people who are capable of doing this work so that we get value for money, that must be very well understood.

(Members agreeing)

Mr MICHAEL NALI – But to answer your question, the Department of Works has experience and it has criterias that are used and adhered to when awarding contracts.

Mr Speaker, sometimes, there can be a very low bidder, but that is not necessarily the right bidder. We have to give work to people who are qualified and can give us value for money. Thank you, Mr Speaker.

Drug Shortage

Mr LINO TOM – Thank you, Mr Deputy Speaker, for this opportunity to ask my question. I direct my question to the Health Minister.

Before I do so, I would like to congratulate the PNG Kumuls team for a successful campaign. I also congratulate the Prime Minister as Minister responsible for Sports and the

Vice Minister, the Chairman for PNG RFL, Mr Sandis Tsaka, the Coach and the Kumuls Captain and his team.

Mr Deputy Speaker, there is an acute shortage of drugs throughout all our medical stores in the country. I am not sure whether this has come to the attention of the Government but there is complaints from medical stores within our major hospitals in the country. I am beginning to wonder if this is because of the company being contracted,

(1) Is Borneo Pacific not delivering their contractual obligations and if so can that company be penalised because we can no longer compromise the lives of our people. Or has Borneo Pacific become too powerful for this Government to handle?

We know the health facilities through the PHA and the provincial governments for those provinces without PHA are responsible for non-catalogue drugs. As we speak, there's a lot of hospitals throughout the country who are facing shortages for drugs that are not on the catalogue. These hospitals are forcing patients to go pay for those non-catalogue drugs themselves.

(2) Is it because we are not giving these hospitals their functional grants or is it because the health facility managers are not doing their work properly?

As we all know there's a lot of drug resistance diseases in our country. One of the reasons why we face a lot of drug resistance diseases is because of the quality of drugs being sold on the street.

11/06

I am happy that we have just opened one of our drug testing facility at Gordons, but I am wondering if there are any guidelines being set in place or are there any independent bodies overlooking the function of these drug testing facility. We are aware throughout the world there are a lot of drugs companies that get under the skin of such organisations. And if we are not careful we will have a lot of drug resistant diseases coming to our nation. And that will be disastrous so I am asking the Minister for Health have we put in place another facility or if you can ask donor agencies like US Aid to establish a facility within our own nation that deals with this issue independently. And in doing so, such organisations like the food and drug agencies from the US, if you can ask them to establish a centre here so that they can independently test the efficiency of the drug being sold on the streets because right now we have some very life threatening diseases. Coming from a health fraternity you would know

diseases like the methicillin-resistant staphylococcus aureus that is already rampant in this country.

Mr Deputy Speaker, on this note, I direct my question to the Minister for Health whether he has any plans to appoint an independent body to audit the new drug testing agency on the facilities that we have just opened in Gordons?

Sir PUKA TEMU – Mr Deputy Speaker, I thank the honourable Member for Wabag for these questions.

But before I answer the questions, I ask the Chair to extend Question Time for another 20 Minutes.

Mr DEPUTY SPEAKER – The Question Time has lapsed.

Sir PUKA TEMU – Thank you Mr Deputy Speaker, at least I tried. Firstly, the issue of drug shortages in the country is made known to the people and medical supply procurement is an expensive exercise and because of the budget constraints. And this issue of not enough funds is always since independence, we never allocated the right amount allocated for medical supplies. There is always shortage at the facility level and hospitals where high volumes of prescriptions are written for community health post which are manned by community health workers.

But I want to thank the Prime Minister under the leadership of O'Neill-Abel Government. As you saw yesterday, and we will debate the Budget next Tuesday, the Health sector has received 10 per cent of the National Budget for 2018. I am thankful that under the leadership of the Prime Minister and the Treasurer, the health sector has received sufficient support particularly this issue of medical supplies.

As you recall yesterday's presentation K266 million was allocated for medical supplies for 2018. Because of the shortages of funding our ability to procure the right volumes prior to the Supplementary Budget, which allocated K100 million for medical supplies, we experienced shortage but those will remain. The last contract that was awarded on the medical kits which as you rightly said was awarded to Boneo Pharmaceuticals, all the procurements has been completed and the kits will be arriving on 4 January, 2018, and we are now going through the CSTB process to award logistic companies in readiness for this.

12/06

I believe K44 million is left to be released. So that as soon as those medical kits arrive throughout the quarter of next year, every facility should have the kits. Therefore, the issue of drug shortages will be minimised.

Right now as we speak – because of some of the funding that was released two weeks ago, we have been able to pay the logistic companies. There are approximately four logistic companies that always bid and awarded for four regions. You can imagine it is very expensive to move a box from the area medical store through the provincial medical store and right throughout individual facilities within the province.

The Government has decided that we need to contract out the distribution component of medical supply for efficiency. Right now as we speak, there are companies who are now organised and are moving the general medical supplies to the rest of the facilities.

If there are specific hospitals or facilities that members are aware of, please let me know so that we can address those first aid facilities.

Mr John Simon - Point of Order! The Minister should go straight and answer the questions. There are some specific questions being asked.

(1) Has Borneo grown so big that we cannot decide on giving them any contract?

Just answer yes or no?

(2) Are we going to set up an independent group to actually check those medicines being brought into the country?

(Members interjecting)

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

Sir PUKA TEMU – There were three questions and I have just finished answering the first one on shortages of supplies. If there are members of Parliament who know that you have shortages, please let me know. The Honourable Member has generalised the shortages but we want to know where they are so that we can manage them.

Mr Kerenga Kua – There are shortages everywhere.

Sir PUKA TEMU – We have also done some emergency procurement for the disease so that we are able to help complement those facilities that are really down.

I can assure you that in terms of managing the entire procurement distribution and management of medical supplies we are now improving the actual management.

We are enhancing IT and we want to identify which facility has drugs where another does not have. So through the IT system we are able to manage inventory of supplies in the area medical store or the health facilities.

I can assure the Honourable Member and the country that, the government is now able to provide sufficient medical supplies so that we do not send our patients from the care point.

The issue of Borneo pharmaceutical has been around for a long time. There are historical issues from the past but so far as the current situation is concerned everybody bid for the tenders that are publically let out.

The procurement process, as you all know, is very stringent and the criteria for awarding those company – there are less than ten companies, who always bid and Borneo is one of them. I can assure the Honourable Member that with regards to the issues of Borneo with quality, we have established the quality testing facilities for the first time in Gordons. We will be working with UPNG so that we will link up with the expertise. We will do periodical independent quality testing over time.

I want to properly commission this facility so that we will identify the key items to test, particularly the anti-biotics and the issue of anti-biotics resistance.

13/04

And as the Honourable Member for Wabag and I are aware, resistance is brought about by many different reasons such as poor quality, poor prescription practices, inability of the patient to complete the required dose and others. So, all those complement the issue of microbial resistance to antibiotics.

I can assure the Honourable Member that quality testing is going to be a norm but at the end of the day I also wish to assure the nation that where the companies that bid to procure medical supplies, all those suppliers, pharmaceutical companies are WHO certified companies only. We will not allow any company to procure from a non-WHO-certified pharmaceutical company. This is the entire process of quality assurance in the procurement process.

So, at the end of the day we know that when we buy from a Chinese or an Indian pharmaceutical they are all WHO-certified and this is where standards come in. So, we not only test the quality at the end point but also in the frontline where we procure medical supplies.

The issue of non-catalogued drugs and the provincial health authorities I want to acknowledge that the health functional grants have not been fully delivered to all the provincial health authorities and the provincial governments where the health authorities are not available and therefore there is always that lack of availability of items that are not in the catalogue and health managers have to have to buy certain items to make sure that services are provided.

But as you have seen from the Deputy Prime Minister's presentation yesterday on the Budget, all the provincial health authorities have been catered for with regard to health functional grant which must continue to go there.

I think we need to continually review the level and value of health functional grant and the National Economic and Fiscal Commission will have to continue to do that task so it can recommend to government and to Parliament what the minimum value of the functional grants depending on what programmes are being implemented and where it is implemented.

For us in Health, NEFC has recommended the minimum standards which are part of the Health functional grant that we usually approve even year.

The third one about independent quality testing is a very good recommendation, Honourable Member. I will take it on board. As you and I know, there are many global agencies that are able to provide that independent advice so that we protect our people from many of the drugs, including fake ones coming into our country.

We will be doing that, not only in the public facilities but this team will also go to the private pharmacies and pick up items and do sampling on a regular basis so that we protect our communities from what the Honourable Member is raising.

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 number 19, government business being called on forthwith.

14/06

PUBLIC MONEY MANAGEMENT REGULARISATION BILL 2017

First Reading

Bill presented by **Mr Charles Abel** and read a first time.

Second Reading

Mr CHARLES ABEL (Alotau – Deputy Prime Minister and Minister for Treasury) – I move –

That the Bill be now read a second time.

Mr Speaker, this Bill comes in conjunction, as I explained yesterday, with the other provisions of the Budget. And notice was given of this particular Bill yesterday and the Bill would have been circulated. It relates to revenue measures that the Government is taking and measures to reinforce the centralised budgetary process which has been eroded over time in the creation of different government entities who have been utilising certain provisions to collect public money and then appropriate and expand those monies outside the *Appropriation Act*.

Mr Speaker, this Bill reflects the important work undertaken by the Department of Treasury and Finance and it is part of the 100 day Plan approved by NEC that I announced on the August 27, 2017. It has been spearheaded by the Department of Finance and Treasury in close consultation of all key central agencies and relevant stakeholders.

Mr Speaker, I want to inform the Parliament that this Government is serious about improving the fiscal health of this country and this Bill is a demonstration of that serious intent. Public funds that are raised by the public and statutory bodies as non-cheques revenue rightly belong in the consolidated revenue fund.

Mr Patrick Pruaitch – Point of Order! Mr Deputy Speaker, I think this is part of the Budget Bill and in normal tradition, this Bill should be passed when the Budget is passed. Why are we dealing with Budget Bills separately when the debate on the Budget has been adjourned to next Tuesday?

Mr DEPUTY SPEAKER – Mr Opposition Leader, this is a separate Bill.

Mr Patrick Pruaitch – Point of Order! Mr Speaker, it is part of the Budget and is bind together.

Mr CHARLES ABEL – Mr Speaker, it is not a direct part of the Budget per se. It is a separate Bill to do with the revenue reforms but it is not necessarily attached to the Budget. It is a separate independent Bill.

Mr Speaker, public funds that are raised –

Mr Patrick Pruaitch – Point of Order! Mr Speaker, can we not start sneaking in stuff. We need to be able to understand the Bills and it is part of the Budget Papers and it is attached to the Budget Bills. And it talks about the revenues collected to fund the Budget by separate authorities.

Mr DEPUTY SPEAKER – Mr Opposition Leader, I believe notices were given. Notice Nos.19 and 20 were given separately yesterday.

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Mr Peter O'Neill – Point of Order! Mr Deputy Speaker, just for the information of the Opposition Leader, I will allow the Deputy Prime Minister and Treasury Minister to introduce the Bill, make his speech and we will defer the passing till Tuesday next week.

Mr CHARLES ABÈL – Public funds that are raised by the public and statutory bodies as non-tax revenue, rightly belong in the consolidated revenue fund so that they may be appropriated for expenditure by this Parliament to meet the objectives of the Government. For too long it has been the practice for some public and statutory bodies to retain without authority non-tax revenue to meet operational and other expenditures. These expenditures have taken place outside the budget process and this is unacceptable to the Government.

Some but not all public and statutory bodies have legislation in place that purportedly allows them to retain the non-tax revenue but these provisions have always offended against the best principles of the Public Financial Management and this will remedy those matters. This Government is strongly committed to re-visiting our public finance laws under the departments of Treasury and Finance that will improve and effectively manage the allocation of our public resources.

This Parliament is the only body that will determine the total allocation of public resources and this Bill is part of the process of further empowering this Parliament to ensure all public funds allocated for expenditure only by this Parliament. In doing so the Government is determined to meet our people's expectations at all levels of government in the way we do things. Our economic and financial management framework has generally served us well; our economy has grown over the years and the country faces new fiscal challenges that we must rise to meet for the benefit of the people.

Mr Speaker, it is important that we marshal the resources of the country carefully so that this Parliament is able to allocate all available resources to meet these economic and fiscal challenges. Past practices of diverting non tax revenue from the consolidated revenue fund, whether or not authorised by prior laws are now made up history. The concept of self-funding bodies or other government agencies using self-generated non tax revenue is an asset that amounts to and is contrary to all international principles and practices of good economic and fiscal governance.

This Bill will bind all public and statutory bodies, state-owned enterprises are excluded as they are not statutory bodies. This Bill does not apply to the Government of Bougainville, any public, government or statutory body or trade established by the Bougainville Government or any trade or public or statutory body operating exclusively in the Autonomous Region of Bougainville. The Bill also does not apply to any statutory body which is established or serves primarily religious purposes. The Government has decided to explicitly exempt Kumul Consolidated Holdings, Kumul Petroleum Company, Kumul

Mineral Company from the provisions of this Bill as a fiscal arrangement with respect to them or otherwise being reviewed.

Mr Speaker, the Bill overwrites and repeals any acts or regulations or other subordinate legislation in consistent with the Bill. The Bill also renders void any agreement undertaking in respect of the sharing of the non-tax revenue. These provisions deal with prior intercession legislation and a variety of informal and unauthorized agreement in respect of revenue sharing. The Bill also provides for compensation damages and any other related claim in respect to any agreement undertaken rendered void by the bill.

The Government will not be put in a position to compensate those who improperly receive non-tax revenue in the past without that having been appropriated by the Parliament. The Bill operates on all non-tax revenue is paid by public and statutory bodies directly into revenue accounts under the control of the Department of Finance. From these revenue accounts 90 per cent of the revenue will be paid into the consolidated revenue fund and 10 per cent returned to the public or statutory body; allowed to operate on a single operating account and such trust accounts as maybe specifically authorised.

Mr Speaker, the Finance and Treasury Secretaries and such other department heads, form a strategic Budget Committee that determines the reasonable operating budget requirement of a public or statutory body. And the additional remedies that might be needed. These determinations have no force or respect until ratified by myself or future treasurers. Public or statutory bodies may make submissions to the strategic Budget Committee in respect of this operating budget requirement, once ratified by the treasurer this additional remittances; if any are actioned by the Finance Secretary.

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Mr Speaker, determinations by the Budget Strategic Committee are not to be the subject of any judicial administrative review as these are budget matters and should not be capable of review.

Further, the Bill provides for the purposes of this Bill, a public or statutory bodies should not engage any legal representation to commence any action or other proceedings in Court or tribunal or procure or contract for legal representation for any purposes other than in compliance with the *Attorney General Act 1989*.

Prior to the Attorney General exercising his powers under the *Attorney General Act 1989*, the State Solicitor shall certify to the Attorney General whether the lawyers to be

appointed are to the opinion of the State Solicitors, experienced and received professional competence in the area of law to represent the public or a statutory body and the Attorney General shall certify himself that all procurement laws in Papua New Guinea had been complied with to the extent necessary for him to exercise his powers.

This is to stop appointment of lawyers who have not been properly procured, who have no demonstrable experience in the matter in question.

The State has been plagued by outrageous fee agreements with lawyers who charge exorbitant amounts for limited work. The Bill further provides that legal representatives of public and statutory bodies shall not receive or charge for any fees or disbursements other than taxed party-party or solicitor-clients cost on the scale of fees of the appropriate court. This allows for the payment of reasonable fees at court sanctioned rates.

Limitation on Claims Against the State

Mr Speaker, the State has been forced to meet payments that are nothing less than legal scams. The first is where no valid contract exists, but work was performed. In this case, the State is forced to pay the cost of the work performed, even though it was not procured. The second is when people purport to make promises of payment on behalf of the State as they appear to have the authority, even though they do not. Both of these abuses are removed by the Bill.

Facts on Treasury Instructions

Mr Speaker, the Bill provides that the Treasury Secretary may issue Treasury Instructions relating to the conduct and control of the operations of the Strategic Budget Committee.

Facts on Penalties for Non-compliance

Mr Speaker, this Government demands compliance with the Bill and will not tolerate non-compliance at any level. The offense that has been provided is a simple offense of non-compliance with Bill. Substantial fines and prison terms await those who do not comply.

Facts on Transitional Implementation

Mr Speaker, after the date of the commencement of the Bill, the Finance Secretary will transfer all moneys in all bank accounts held by or on behalf of public and statutory bodies to government bank accounts. Authorised trust funds will be remitted. Expired appropriations will be remitted to the Consolidated Revenue Fund. Non-tax revenue will be apportioned as provided by this Bill. These steps will ensure rapid resolution of the past irregularities and substantial return of funds to the Consolidated Revenue Fund.

Mr Speaker, the *Public Money Management Regularisation Bill 2017* has been a complex task. The task was managed within my ministry with technical inputs from the Department of Finance and Treasury and the Office of the State Solicitor. Consultations with a wide range of stakeholders were overseen by a Technical Working Group consisting of all of the key stakeholders within Government. The *Public Money Management Regularisation Bill 2017* is framed as a result of those consultations to best serve the interest of the country.

Delivering new legislation takes hard work and I acknowledge and thank the professional public servants within the Department of Finance and Treasury and the office of the State Solicitor for their exceptional commitment that allowed the speedy completion of this Bill. The work was supported by the technical assistance provide by the European Union and I wish to acknowledge the European Union for ably assisting the Department of Finance on this work.

Even as this Bill is being considered by the Parliament, the Department of Treasury and Finance are already working on the necessary administrative arrangements to support the implementation of the Bill. These will be available at the time of the passage of the Bill and will ensure no delay in terms of immediate implementation.

Mr Speaker, this Bill is important and will provide a clear pathway for the management of non-tax revenue and the regularisation of claims against the State. More importantly, the Bill has been framed so that they give power to the right levels of government so that issues can be flexibly approached as they emerge in the future without the need to return to Parliament for adjustment. Great care has been taken to address these matters so that they best fit the needs of the people of the country.

Mr Speaker, I commend this bill to the House.

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

Sitting suspended from 12 noon to 2 p.m..

ADJOURNMENT

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

That Parliament do now adjourn

The Parliament adjourned at 2.20 p.m..