

SECOND DAY

Wednesday 23 May 2018

DRAFT HANSARD

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SECOND DAY

Wednesday 23 May 2018

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 10.45 p.m., and invited the Member for Rabaul, **Honourable Dr Allan Marat** to say Prayers:

‘Sovereign God our heavenly Father we come to you in the Name of Jesus. We praise you and thank you because you created each and every one of us in your image and likeness and you know why. Your Spirit is in us which enables us to live, move and have our being in you. So we praise you and thank this morning that as we stand before you and before we conduct business of today, discussing matters that affect your people, you know us individually and collectively as Members of this Parliament. It was your intention for each and every one of us in this Parliament to be here together to hold meetings and to discuss ways forward for the betterment of this country and your people who live in it. Forgive us all the wrongs that we have done against you Jesus and we pray that you shall lead our discussions this morning by the power of your Holy Spirit. Amen.’

QUESTIONS

Build Water and Sanitation Plant

Mr TONY WOUWOU – Mr Speaker, I thank you for giving me this opportunity on the Floor of this Parliament after 10 months to ask my question.

On behalf of the people of West Sepik, I congratulate you for being elected Speaker of this Parliament.

I direct my question to the Minister for National Planning and Monitoring. After 43 years, can the Minister inform my people, if this Government has any plans to build a water and sanitation plant for Vanimo Town in West Sepik?

Mr RICHARD MARU – Mr Speaker, I thank the Governor for his good question. Let me state here that there are many towns throughout the country that don't have water supply and let alone sewerage systems not only in Vanimo but Mendi, Tari and Kurumul.

I am happy to inform the Honourable Governor and this Parliament that our Government is now determined to make sure all the designs and costing for all these provincial towns are completed this year, and specifically for Vanimo I am happy to inform the Governor that the World Bank consulting team has been in Vanimo and I am hoping to have the final scoping and costings on my desk in June this year.

It is the Government's intention to start building the Mendi and Vanimo Town water supply projects next year. We are right on track to do just that.

Supplementary Question

Implement Water Project

Mr TOBOI YOTO - Mr Speaker, for the last six months my people in Daru have been without water. This is an outstanding issue in Daru Town.

I am aware that the tender was released, however I don't know when that project will start in Daru Town.

Can the Minister inform my people of when the project will commence?

02/02

Mr RICHARD MARU – I thank the Governor for his question. There is a very big issue with the town water supply in Daru. I met with the Water Board and asked them to look at their options. One option is to look at putting a bore system there and the other is to put in a distillation plant in Daru to convert sea-water into edible water because of the distance if we were to pipe water from the mainland to the island of Daru. I am hoping that in the coming weeks, I will have a detailed answer for you and the people of Western province especially the Daru residents. We are working to make sure we have a cheap, efficient and good solution for you for a long-term water supply in Daru.

Duran Farm Housing Project

Mr JOE LERA – I wish to direct my questions to the Minister for Housing and Urbanisation. I ask in the interest of PNG and in particular Port Moresby residents. It is in relation to the Duran Farm Housing Project.

Mr Minister, in the first sitting of Parliament, you advised that you have put a temporary stop to the project because you found out upon taking office that some land titles at the project were allocated or obtained illegally by some individuals or groups to build on.

Mr Minister, can you confirm this and inform the Parliament what you are doing to correct this situation so that the project can start again to provide housing to Papua New Guineans?

Mr JOHN KAUPA – I thank the Regional Member for Bougainville for his question regarding a national interest especially the Port Moresby residents. It is also important for me because this project is in my electorate and I would like to see it go ahead for our public servants and other citizens of our country.

The Duran Farm is in eight mile in the North-East Electorate of Port Moresby. It is only a ten minute drive from the National Parliament. The housing scheme there is an initiative of this Government to provide houses for our public servants and other citizens of PNG.

Under the housing scheme, they have a build, sell and share arrangement. They are planning to build around 5 thousand houses at the Duran Farm. This project started in 2012 but funds of around K14 million was allocated by 2014. There have been some work done already and around 400 hectares of land have been utilised to build houses.

However, when I took office as the Minister responsible, I found out that some proper processes were not followed. All infrastructure plans for water, sewerage, cabbage and roads will be adhered to before any development of houses takes place. My predecessors did carryout some work but they did not do it properly. Some of the construction were not in-line with the physical planning for NCDC and the Building Board. This is why I decided to temporarily stop the project. I wanted all the due processes and requirements to be adhered to for that particular project because there were already 48 houses built.

03/02

I guess some of you members have gone to Duran Farm because all of us have interest in owning a house but the way they built those houses are not acceptable to your liking. The moment you walk up the stairs, the house is moving.

We are talking about quality that's why I have put a stop and instructed and sent in surveyors and engineers to go in and conduct a new survey; a textural survey so that engineers can put in a proper engineering plan for water and all other things that will help to complement all other services to fall in line.

NEC decision in 2015 appointed NCDC to provide roads and all other infrastructure development at Duran Farm, Eda Ranu to provide water and sewerage, PNG Power to provide electricity supply and Telikom to provide phone lines.

My predecessors in the past have not followed this so I am trying to correct this by liaising with all other agencies I have mentioned to take on their tasks. Currently speaking, they are at the development site now and I am writing to the responsible Minister for PNG Power, Telikom, Eda Ranu and NCDC to cooperate with me to ensure this project gets off the ground. All those in the public and, private sectors including members all want a house so we must pursue to ensure this project becomes a reality.

Currently speaking, everyone is on the ground working so by the end of the year or August we should see. In the past, investors were ready to build but those things were not there. So I would like to ask the Floor of Parliament to be patient so that we can correct things to ensure more than 3000 to 4000 houses are built there. We do not want in the long term to face problems such as sewerage problems in our community therefore we are working on these things.

In relation to the second question on titles going out, yes, I can say that our own people are very smart as they go around their ways to Lands Department, make deals in hotels without proper convention and proper sales agreement, without paying K80 000 for a block and somehow they are granted titles. I have discovered that over 300 titles have gone out.

I have written to the Prime Minister that these things are happening so we have to do corrections. We bring Duran Farm to square one so that every Papua New Guinean can have a title each to build their house.

There are some contracts which NEC appointed in 2015 to international and local companies. But due process of awarding contracts must be adequately followed, so that everyone given the chance to participate in building Duran Farm, with NEC approval.

Yes, some titles have gone out. I have written to the Lands Minister and the report sent to the Prime Minister and we are in the process of bringing all these titles back to the National Housing Corporation (NHC).

Today, we don't have money to run the National Housing Corporation, we cannot sustain our own income.

Mr Allan Bird – Point of Order! Mr Speaker, Government is in control here and we hear the Minister saying that they are incapable of resolving the issue. He should be telling us about how to solve it, not complaining about what other Ministers are not able to do.

04/02

Mr SPEAKER – Thank you, Governor, your Point of Order is out of order. The Minister is clarifying the matter so that the people of Papua New Guinea and the Member asking the question can know the answer. You can continue, minister.

Mr JOHN KAUPA – Thank you, Mr Speaker, Yes, I do agree with the concerns raised by the Governor of East Sepik but these are national issues therefore I must explain the matter so everyone must be informed because this is a national project. Therefore, we have written and we are in the process of bringing the title back to National Housing Corporation. Finally, honourable Regional Member for Bougainville, we now have correct measures in place so we are bringing back the Duran Farm project. We should complete that process by October. We have surveyors, engineers and Eda Ranu workers planning out the area so after this we will start building some houses.

Mr Bryan Krammer – You're one-sided

Mr SPEAKER – Before I call upon the honourable Member for Sohe, I want to respond to the comment from the Member for Madang that, the Speaker is one-sided. This House is not seen as consisting of the Government and Opposition Members, Rather, the Chair sees each Member of Parliament as a representative of his electorate and his people. Therefore the Chair ensures that all Members are given the opportunity to ask their question. If the Chair sees that a particular member has received enough opportunities in raising his questions in Parliament, the Chair will prioritize those who have raised few or no question at all to speak. So, the Chair is not one-sided, the chair is fair to all Members of the Parliament. Thank you

(Members Applauding)

Re-Open Aid posts in Remote Sohe

Mr HENRY AMULI – Thank you, Mr Speaker. Unlike the others, I seldom raise questions, so I am grateful for the opportunity to raise my question.

Mr Speaker, my question is directed to the Minister for Health and I want the Governor of Northern Province to take note.

Mr Speaker in the last four weeks, I walked and covered close to 100 kilometres, starting from the boarder of Ijivitari of Rigo, down to Kokoda and Goilala Border. And also along the Kira LLGs in Sohe, which is close to Bulolo and down to Kokoda. I covered that area in the last four weeks, through the thick jungles and crossing rough rivers. The reason I walked throughout those areas was, to visit these villages behind the mountains and rivers which have not received government services so I physically went to confirm if there were health services or education provided. In my walk, I realised that all our aid posts have closed down. There is no aid post behind those mountains and rivers. The only Government services that I saw there was education. But the classrooms were semi-permanent, I think the only permanent classrooms were built through the Kokoda Initiative Development Program. The airstrips and aid posts have closed down. So I purposefully went into those rural areas to experience the life behind the mountains where my people live. And I will cover ten entire Sohe electorate in the next few months. To walk in to see and experience life.

My question to the Minister for Health is these aids posts that have closed down because there are no health workers there. Along the jungles the *tanket* (*cordyline fruticosa*) leaves, are placed there to symbolise the death of those who died as they were carried off to seek medical help. There were women who died due to birth complications and people who died of sicknesses, so many *tanket* leaves were placed along the roads in the jungle.

05/02

Mr Minister, can you clarify under which authority does the aid post come under? My people in the remotest part of the electorate are suffering.

Sir PUKA TEMU – Mr Speaker, I thank the honourable Member for Sohe. Firstly, I want to congratulate him for this reality audit that he has taken by walking 100 kilometres. You are a very true leader by taking the lead and I thank you for what you have done. And I would encourage all of us to follow suit because many of us just sit down in our office in Waigani or district headquarters and never know what's happening behind the hills.

I commend your efforts and thank you for the information that you have brought to this Floor of Parliament on behalf of our people who have poor access to health services in the country.

Today 20 per cent of our aid-post are closed around the country and it didn't happen overnight and these are statistics that represent some of the neglect that governments have allowed to happen.

But coming back to the question of who is responsible for all the aid posts, the answer is all of us. And we need to take on the responsibility, but structurally in 1995 when the introduction of the *Organic Law on Provincial Governments and Local-level Governments* came the provision for health under Section 42 (m) wanted the definition of what is rural health services. So when we did the provincial health administration law we mentioned that aid post are the responsibility of the local-level governments. By then it was established but unfortunately we all know over the years since the reform on the Provincial Government and Local-level Government resourcing was not accorded according to the intention of the *Organic Law on the Provincial Government and Local-level Governments*.

But today it still remains but under the reforms now the Provincial Health Authorities now takes full responsibility from hospitals to district hospitals, health centres and aid-posts. It will now be the responsibility of Provincial Health Authority.

The challenge now for me as the Minister is I must complete the establishment of provincial health authorities.

Therefore, Oro hasn't got a Provincial Health Authority so we informed the Governor and he has already replied to me. My Secretary and the other officers that manage the establishment of provincial health authorities will be visiting Oro Province and I thank the Governor for fully supporting the establishment and that's the way forward.

As for the other 11 provinces who have provincial health authorities, the task from aid post to provincial hospitals is your responsibility because under the budget provisions the health functional grants comes directly to the provincial health authority.

Therefore, the provincial health authority board chairman and his team must take control by effectively communicate with the governor, the open member and the district development authority because all of us are responsible for health services throughout the country.

06/02

And so with the lack of direct support to the local level governments, the Government in this year's budget provides Ward Services Improvement support which requires are to work together. The DDA with help from DSIP component, the Ward development Grants and the health functional grants and the revenue that the provincial governments are raising.

How much are you going to give to Heath?

Those are the challenges that we as leaders need to come together and create that health resources envelope and address some of those issues.

Right now, I want to assure the honourable leader that I will support him in looking at re-opening some of those closed aid posts in some of those remote areas in Sohe. Also, for some of you who have a similar situation, we now have under the Budget, with support from the Asian Development Bank, assistance to continue what we now call community health posts. We changed the names from aid posts to community health posts and we will have a minimum staff ceiling of three. The key person would be the midwife in those community health posts to address the issue of high maternal mortality rate.

So, we will be communicating with you, Open Members and honourable governors to see where we can be able to distribute those community health posts under the ADB and DFAT support to many of you.

In the case of the honourable Member for Sohe, I can assure you, please write to me so that the governor's office, my secretary's office and your office can work together to see where we can go and establish some of those community health posts in Oro Province.

So, the responsibility, Mr Speaker, is in the hands of all of us. We cannot be speaking by the letter of the law. My appeal is to all the Open Members of Parliament, you are in charge of the DDAs and you've got funds there. Used the guidelines of DSIP where health must receive the component that is allocated to it.

Those of you in provinces that have not yet established provincial health authorities, I want your CEOs and your district managers to work together. How can he or she develop an action programme for this year so some DSIP can go to his health programme and those who are new to the provincial health functional grants where a PHA is not yet established?

Mr Speaker, once again, I commend the honourable leader and Member for Sohe for that reality check that he has made and now that we know the truth all of us need to act so that we can bring that much needed vital service to our people.

Supplementary Question

Release Health Functional Grants

Mr ALLAN BIRD – Thank you, Mr Speaker. I am pleased to hear the answer from the Minister for Health but I just wish to remind him in relation to aid posts. In East Sepik we still

have about 200 aid posts still closed. Thanks to the Minister and his department we've re-established the PHA.

If you recall you promised us that the functional grants, which is really the missing link required to keep these aid posts operational, would be coming. You promised us last year and we are still to receive them.

It is now five months into the year and I wish to ask, if you have some influence over the Prime Minister, Treasury or Finance Minister, can you please tell them how important health is? And can you assure us, particularly the people of East Sepik who are just like Sohe having all our clinics still closed and the money not yet arriving, could you tell the House when we can expect the health functional grants?

Sir PUKA TEMU – Thank you, Mr Speaker. The Treasurer has assured me that the health functional grants are beginning to move so we will make sure that it is coming.

It is not true that no health functional grants have been released. As you and I know, the challenges we are all facing includes our DSIP and PSIP also. This is part of the challenge but I can assure the House that the Treasurer and I will work very closely to make sure that some of those funds are released, particularly where it is due.

Mr TIMOTHY MASIU – Thank you, Mr Speaker. I stand to ask this question to the newly appointed Minister for Bougainville Affairs.

07/02

Mr SPEAKER – Honourable member, can you direct your question to the Prime Minister.

Mr TIMOTHY MASIU – Mr Speaker, I can ask the Prime Minister but my question is directed to the Minister for Bougainville Affairs because he is the responsible Minister.

Mr Peter O'Neill – Point of Order! Mr Speaker, let me correct the Deputy Opposition Leader that he is the minister assisting the Prime Minister. He is not the Minister for Bougainville Affairs and I have carriage over that and I can delegate as and when I see fit. So you can direct your question to me.

Mr Patrick Pruaitch – So he is your rubber stamp?

Mr Peter O'Neill – Don't worry. We are working together to solve these issues. Bougainville is a mess that National Alliance created and I am trying to fix it for you so don't worry, we will sort it out.

Clear Up Uncertainties- Bougainville

Mr TIMOTHY MASIU – Mr Speaker, let me thank the Prime Minister for appointing the Member for Goilala as Minister Assisting the Prime Minister especially on Bougainville Affairs.

I was trying to extend my congratulations to my brother Member on his appointment but was disrupted by this point of order. My questions were for the member but I re- direct them to the Prime Minister with the appointment of the new Minister looking after affairs of Bougainville, how much does he know about the situation in Bougainville

(2) Can the Prime Minister and his Minister inform this parliament whether there is a ready-made plan regarding the issue of Referendum in Bougainville?

(3) Can the Prime Minister assure my people on how will the future of Bougainville be like now?

I say this because there are serious doubts in the air coupled with too much misconception on this issue. I am asking this government to make time available so that we can go down to Bougainville. I hear the Prime Minister will be travelling to Bougainville for the JSB and can he also send some other Ministers and officers to capture firsthand information and report to him.

Because in Bougainville the situation is fragile and this is a situation which in my view is still unresolved. This Government must take carriage of that and make sure we address the Bougainville issue.

A Bi-partisan Committee has already gone and I want the Prime Minister to assure the people when he will go back to Bougainville again and visit the people.

Mr PETER O'NEILL – Mr Speaker, I thank the Deputy Opposition Leader and Member for South Bougainville for his questions.

Mr Speaker, I think it is quite rude of the Deputy Opposition Leader to suggest that the Member for Goilala doesn't know anything about Bougainville.

I think every Papua New Guinean knows the history of Bougainville and the challenges that we have there. I really don't think that is necessary. We need to respect each other and try

and address this difficult issue in a more orderly manner that is respectful of each other and of course respecting the agreements that we have signed.

Mr Speaker, the Peace Agreement was signed 20 years ago. Member for South Bougainville and I were not even there then.

But our leaders at that time saw fit to have an agreement, that brought about peace on Bougainville and that we respect.

I have stated all along publicly, in all our meetings with the leaders of Bougainville and in all our meetings, at the JSB Meetings that the government of the day will honour every word that has been stated in the Peace Agreement and I expect other leaders to do the same.

08/02

We are not going to go outside the Peace Agreement. Believe me that when the peace agreement was done, it was done under the Constitution of Papua New Guinea. We must respect that and when we implement the peace agreement, we must respect the fact that the Constitution rules and governs this nation.

Mr Speaker, the referendum will go ahead, both the ABG and the National Government have agreed on the Chairman of the Referendum Committee who is going to frame questions that we have to put to the people of Bougainville. We need to agree on what sorts of questions we are going to put to the people.

Mr Speaker, I read with concern the questions that the Member for South Bougainville and also the Deputy Opposition Leader poses puts. You are a national leader of this country and sometimes the questions that you make in public, Buin and elsewhere is all about independence. This is not true. I suggest that you stop peddling this kind of issues –

Mr Timothy Masiu – Point of Order! Independence is an option. The independence issue is an option in the Peace Agreement.

Mr PETER O'NEILL – I will send a copy of the Peace Agreement to the honourable deputy Leader of Opposition for his consumption who is a national leader.

The frames of our *Constitution* did not envisage that this country will be divided into small independent states. I don't believe the founding fathers like President Momis wanted this to happen. I don't believe founding fathers like Sir Michael Somare, Sir Julius Chan and other leaders who went before us did not want us to be a divided country.

Mr Speaker, when we talk about issues that are sensitive to the stability of the entire nation, we need to be careful. You are a national leader and we have to respect what we have agreed to in the Peace Agreement. It says that we have to agree to the question that we have to put to the people of Bougainville. I can tell you that the National Government has not agreed to any question whether it be independence or autonomy or any other question for that matter.

We will sit down and go through those issues when the Independent Committee on Referendum has been set up. As I said, the former Prime Minister of Ireland has been approached and he is considering accepting that role. When he does the National Government will appoint two senior Papua New Guineans while the ABG will appoint two senior Bougainvilleans to be part of the Committee. They will then frame the questions and put to JSB with the leaders of Bougainville and the National Government and then we will agree to a way forward. We have set the date about Referendum of Bougainville and nobody is changing that. I want to assure you that our commitment to Bougainville remains the same. This Government has done more for Bougainville and I am sure the Member for South Bougainville knows that.

Mr Speaker, I am the only Prime Minister who has ever visited Panguna. He is asking about whether I have visited Bougainville or not –

(Members interjecting)

Mr Bryan Krammer – Point of Order! For the record and to correct the Prime Minister in relation to the question, Section 339, question or questions to be put, this is the *Constitution* (c) shall include a choice of separate independence for Bougainville. That is the Constitution and it states that in the *Constitution*, so I have made that correction for the Prime Minister.

Mr SPEAKER – Honourable Member for Madang, I think the Prime Minister is saying exactly what you are saying therefore your Point of Order is out of order

09/02

Mr PETER O'NEILL – This is a self-proclaimed lawyer who is a busy body in every aspect.

Mr Speaker, I don't know which constitution he is refereeing to but there is no provision about any specific reference in the *National Constitution* that refers to Bougainville to make that choice. I don't know which Constitution you are reading. Let us not mislead Parliament,

let's stick with the agreements that we have signed with Bougainville. Like I said, we will honour every word that are in that *Agreement*.

Mr Speaker, in reference to the Member for South Bougainville saying I've never been to Bougainville, I've been to Bougainville more than any other Prime Minister. I'm scheduled to be in Arawa and I'll sleep in Arawa in June 14. I'm not afraid to go to Bougainville, you can put your views across to me and I will listen. This is my country, I will be there, Mr Speaker.

Mr Speaker, before the June 14 meeting for JSB, there will be some consultations with our officials and our leaders in Buka, I believe and we will attend that as well. We are committed to Bougainville and we will do the right thing by our people. Thank you Mr Speaker.

Appoint Provincial Administrator

Mr KENNEDY WENGE- My question is not on the Notice Paper goes to the Minister for Public Service. Mr Speaker, Morobe province is a big province and an industrial centre of Papua New Guinea but is in black out now, not power blackout. We have no Administrator.

In my Nawaeb electorate, I want my Five Year Development Plan to follow the Constitution and flow effectively down to my province and to the district but nothing has happened to date and I don't want to waste any more time. Public Servants will remain in their job over five years but I might not be around and need to speed up my job.

My questions are; (1) how many people has PEC appointed and forwarded to your office? I know NEC will do the final recommendation but can you give me some clear understanding for the people of Morobe to know the situation with the appointment of a Morobe Provincial Administrator.

(2) Too many acting Administrators in Morobe all the time so could you ensure we have a fulltime three-year term Administrator?

Mr ELIAS KAPAVORE – Thank you Mr Speaker and I thank the Member for Nawaeb for his good questions regarding the status of the appointment of the Morobe Provincial Administrator. Yes, I can confirm that NEC submission is ready that in the next NEC meeting we will sit down and make appointment based on the Provincial Executive Council recommendations that are already here and is with the NEC.

To assure the Honourable Member, this is a commitment and the priority of the Government to ensure that this appointment must be done soon. All acting appoints normally last for three months, according to the requirement of the *Public Service Management Act* and

others but we make sure they continue for a while to assist my department to get things done until proper appointment is done in due course.

10/02

Mr Speaker, I would like to take this opportunity to give some clarity. There are some questions that are also being raised with regard to the status of other provincial administrators. For these are the Western Provincial Administrator, I can confirm that the NEC submission has been finalised. In the next NEC meeting we will also make the appointment for the fWestern Province Administrator. This particular province has had an acting provincial administrator for the last four years. We will make sure that we give you the priority of the government to have an appointment made as soon as possible. We also note that there are numerous unattached officers in Western Province and this calls for our attention to prioritise this province.

With regard to Simbu Provincial Administrator, Joe Kunda continues to act until NEC meets to make a decision on s submission before them. That also goes for Eastern Highlands Provincial Administrator. At the moment Mr Samson Akunai will continue to act until NEC further deliberates and makes a decision on who should become the substantive appointment for the province.

Just a few remarks regarding the appointments of provincial administrators to our country. We have 20 provincial administrators in our country. At the moment, our report shows that 12 are substantively appointed and eight are acting on the positions, two out of the eight are under investigation, which means they are under suspension. I would like to ask the Governors to do what they have to do and for their provincial executive councillors to let us know quickly of those acting status so that we can fast track those appointments as soon as possible.

SUSPENSION OF STANDING ORDERS – EXTENDED TIME FOR QUESTIONS

Motion (by **Dr Allan Marat**) agreed to –

That so much of the *Standing Orders* be suspended as would prevent Question Time being extended by 20 minutes.

Dr ALLAN MARAT – Thank you, Mr Speaker and I thank Parliament.

Fix the IFMS in ENB

My question is directed to the Minister for Finance and I would like the Treasurer to take note.

Last week, during our first provincial assembly meeting for East New Britain Province. I raised this question at the provincial level but it seems those in the province are not familiar with this system, it is in relation to the IFMS (Integrated Financial Management System).

My district was used as the guinea pig for the project, PGAS was unplugged and IFMS introduced. I believe it was without proper configuration between the two systems. It is now more than 20 weeks and my people have not received goods and services because the district cannot print cheques using the IFMS. I understand the PGAS has been decommissioned so we are left with nothing but to wait, hoping that this system will come good. When I raise this matter at the provincial assembly level, I was quite surprised that the whole province is going through the same problem. They are not able to print cheques using the IFMS.

How soon can this problem with IFMS be fixed and cheques printed out, especially in my district and the other districts like Gazelle, Kokopo and Pomio which face the same problem?

Can the Finance Minister explain to the Parliament, my people of Rabaul and East New Britain Province on when this problem is going to be fixed? Thank you, Mr Speaker.

11/02

Mr JAMES MARAPE – Mr Speaker, thank you for giving me the opportunity to respond to the question raised by Member for Rabaul.

Mr Speaker, this Government is in the process of phasing out the figure system in which the government has been riding on for the last 30 years, and introduce the Integrated Financial Management System for our country.

As I speak most of our central agencies and our main government departments based outside of Port Moresby have now rolled-over into the IFMS and we have tried the provincial government system to embrace IFMS and East New Britain Province is the first province in the New Guinea Islands Region to use the IFMS system.

I have noticed that most of the problems relate to communication and reliability of the systems that we are trying to ride on with the digital network, internet network and the data capacity. Those issues are being worked on and I will instruct my department to ensure that the district programs are not delayed or stopped. As far as I know Pomio District is functioning reliably because of the district. The district has made direct intervention in ensuring that the

data comparability is upgraded so they are using the satellite system so Pomio doesn't have any problem at all with the IFMS. But meantime I will instruct the department to look into it to ensure that IFMS is functioning there.

Whilst having this opportunity I want to inform this Parliament and the country that PGAS system has been retired right across the country because it's an old system brought into the country in 1980. And in the life span of our country as we have been using PGAS, the world has changed in the last 30 years with the latest technologies such as internet, digital age, use of *Facebook*, *WhatsApp* and so forth. Yet we remain stagnant with PGAS so our Government has committed to ensuring that we modernise our government financial accounting system. And the use of IFMS will ensure that there is real time transaction taking place that links to our banking financial system as well as supervise or assist in what is happening in the districts, provinces and government departments.

As for the issue of East New Britain, the Governor has also raised those issues in the government caucus and we have engaged the department to attend to them and rectify them as soon as possible.

Mr BRYAN KRAMMER – Mr Speaker, before I ask my question I need a bit of clarification on your earlier comment regarding members. It's true each one of us have the right to ask questions but in this Parliament we have Government Members and Opposition Members. It's only fair for you to recognise both sides rather than one side only. Just recently

Mr SPEAKER – Honourable Member for Madang, I want to make it clear here so listen carefully.

The people of this country in each province have elected each of their representative to come here and debate on their behalf. And these people are watching to see whether their representative is taking part in Parliament debates or just sleeping in Parliament.

If each representative doesn't take part then they will go onto *Facebook* to make negative comments about these particular members.

And so as the Speaker, I have the power to be fair to all elected members for them to take part in addressing issues of the country on the Floor of Parliament

12/02

That is why I as the Chair who is managing this House must give the opportunity to every Member who is representing his people to stand and debate in this House.

On that note, honourable Member for Madang, the records show you asked the most number of questions in this House. *Hansard* records show that you have asked many questions, raised the most number of points of order and asked supplementary questions. *Hansard* records indicate this facts.

With that, honourable Member for Madang, you can now ask your question.

Mr BRYAN KRAMMER – My question is directed to the Minister for Finance and I ask the Prime Minister and the Minister for Treasury to take note. My question is in relation to DSG, District Support Grants, which are provided for by the *Constitution* under Section 95A of the Organic Law on Provincial and Local Level Government Affairs.

It states that each year the National Government shall make available for each open electorate District Support Grants to the value of K500 000 from which K250 000 is discretionary and K250 000 is non-discretionary. I think at the last Meeting the Member for Wabag raised the same question to the Finance Minister on when it will be paid.

It states under the Organic law, Section 95(A) (5), that the National Government shall, within the first month of each quarter, of each fiscal year, make a payment of all moneys due to the district treasury for the purpose of District Support Grant.

Why am I asking this? This is a constitutional law and *Section 23* of the *Constitution* provides for sanctions where the constitutional law provides an obligation and if an office holder, Member or Prime Minister does not action it they are liable for prosecution.

Section 23 states that where any portion of a constitutional law imposes a duty, the national court may impose a sentence of imprisonment of a period not exceeding 10 years or a fine not exceeding K10 000.

We are now in 2018 and we have not received DSG last year and have also not received it this year. So my question is;

When will you sort this out?

If you will not I want to know who shall I name as plaintiff in the proceedings, whether to impose it on you the Prime Minister or Treasury because I do not want to disturb your overseas trips and your APEC Meeting and that is why I am giving you notice as well as asking these questions.

Mr Jelta Wong – Point of Order! Mr Speaker, he can't insinuate that the Minister is on holiday trips. As the Finance Minister he has to go to other countries to see how other

countries get money from banks and all these things. The insinuation by the Member for Madang is uncalled for and I ask him to apologise to the Finance Minister.

Mr SPEAKER – I think the Point of Order from the Minister for Police is in order. Honourable Member, in here you must not say that you are going to take it to court and threaten people and all that. Can you withdraw that little comment?

Mr BRYAN KRAMMER – Thank you, Mr Speaker. First of all, I said overseas trips, I did not say holiday trips for the record.

On the second issue, this is the *Constitution* talking, not us talking.

The second question I asked was, when will we be getting paid. These are funds that we need to put into health centres, aid posts because right now they do not have medicines?

Mr Jelta Wong – Point of Order! He just has to withdraw, he does not need to explain.

Mr SPEAKER – The Point of Order is in order.

Mr BRYAN KRAMER – Which one will I withdraw, overseas trips or holiday trips? When did I say holiday trips?

Mr SPEAKER – You did not say holiday trips, you said overseas trips but you threatened to take it to court. Honourable Minister, can you sit down while I sort this out and then you can raise a point of order if you wish to do so.

Mr BRYAN KRAMER – I withdraw the ‘take it to court’ part, but the question still stands. When are we going to get that DSG? I wish to put this to the Finance Minister the second time. Wabag Open Member has already raised it.

Mr SPEAKER – Thank you, honourable Member, you have withdrawn it. Honourable Minister, you can now answer the question from the honourable Member.

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Mr JAMES MARAPE – Mr Speaker, let me place on record my appreciation for the Member for Madang. He keeps the Parliament lively so let's appreciate where he is coming from.

The Member has asked a question in regards to DSG and no one disputes the fact that it is a constitutional grant and in as far as our Budget is concerned for this matter, our Government has honoured this commitment for the last 6 years we have been in Government and we have never failed, that is on record.

Sometimes DSG may come a month or two late but on record we have honoured our commitments in Budget in as far as all major aligned Budget expenditure items are concerned.

I note with keen interest the Member for Madang's appreciation of the laws of our land and I advise that he add onto his directory of laws that he has the need for compliance to the *Public Finance Management Act* in as far as acquittal is concerned, that the 31st of March every year every districts must acquit for funds that are remitted to them for the preceding fiscal year.

Your acquittals are an important prerequisite for you to benefit from a new allocation in the new year and I request every district to furnish their acquittals for what they received last year into the office of Rural Development and we will to the very best of our ability transfer DSG to all the districts so that they can use them consistent with the financial instructions and the administrative guidelines we have in place in as far as the DSG is concerned.

Mr Speaker, in a nutshell, like we did last year for the benefit of DSG, we will honour our commitments and it still stands. The K500 000 will be delivered to all districts concerned but we at the same time ask all districts to furnish their acquittals and it is all systematic where it will take care of itself.

Let me place on record that the only constitutional grant is the DSG. The DSIP and PSIP are based on government policies, they are not constitutional grant. Government policies dictate as to disbursement of DSIP and PSIP. In as far as DSG is concerned. Mr Speaker, this Government will not fail –

Mr John Simon – Point of Order! Mr Speaker, I hear this all the time that DSIP is not by law. My question to the Minister is –

Mr SPEAKER – Don't ask the Minister a question but state your point of order. What is your point of order?

Mr John Simon – My Point of Order is that the Budget that we normally pass includes DSIP allocation and that is also unconstitutional.

Mr SPEAKER – Honourable Member for Maprik, I thought you were attentive to the Ministers response. He was saying under the *Constitution*, the constitutional grant is DSG but PSIP and DSIP are Government policies. I must rule that your point of order is out of order. Minister, continue.

Mr JAMES MARAPE – Mr Speaker, let me thank you for correcting matters of law because most of us are not lawyers like the Honourable Brian Krammer.

(Laughter in the Chamber)

Mr JAMES MARAPE – The good Member for Madang clearly defined a is constitutional grant. I was just making reference to that. A Constitutional Grant is DSG everything else is budgetary allocations. Budgets are made based on government policies, simple as that.

14/02

Mr Speaker, for the record, let me say that we are not in the business of discriminating our districts. I think the Member of Maprik is thinking that we will only entertain the Government benches and not the Opposition benches. I have stood here for the last six years and Members from the Opposition have threatened to take me to court but I am still here because my record is clear. They have accused me of lying on the Floor of Parliament. They have stated that I have never distributed money to the Opposition Leaders but that is not true and you know that. Everyone has received their fair share of DSIP and PSIP for the last six years. We will honour our commitments in as far as the Budget is concerned but for the records, it is only the DSG that is a concessional grant.

Supplementary Question

District Support Grants

Mr JOSEPH LELANG – There are some of us who have not received our DSG last term despite acquitting and providing the approved budget for the use of those DSG Grants to the Office of Rural Development.

For 2013, I used the 2012 Discretionary Grant but from 2013 to 2015 I did not receive anything for Kandrian-Gloucestre Electorate. In 2014, we acquitted the 2012 DSG that we received. We received the 2016 DSG in 2017 after winning the National Elections and coming in. We have not received anything for last year.

Can the Minister assure my people of Kandrian-Gloucestre and I that when I write this back to you, you will give me all these outstanding funds? These are concessional grants and I have written to the Secretaries of ORD, Finance, Planning, and Treasury but they all play the lip service tactics. I am sick and tired of this so I need your assurance about this issue.

Mr JAMES MARAPE – Let me assure the Member for Kandrian-Gloucestre that I will look into this matter. I want to inform Members of Parliament that the onus is on all of us to work together in fulfilling what the requirements are. Every year is a new allocation and as we conclude one fiscal year, our appropriations of the previous year is made redundant.

The Member for Kandrian-Gloucestre as a former Secretary for Planning is in a better place than most of us to appreciate the manner in which DSG is handled there. An acquittal is an important requirement and from his question I gathered that there have been a couple of years that are missing. I will have to really look into it and see why the district benefited in some years and did not in others.

Mr Speaker, he spent most part of last year in the Government benches with us therefore it is quite obvious that this Government is not discriminatory with Members of the Opposition. If he was in Government and did not benefit then this issue affects all sides of the Parliament.

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It really boils back to us in the Districts to present good acquittals. Some of you for instance Mr Speaker, if your acquittals don't look good, we are not only here in the office to collect acquittals to give ticks, let me impress that on everyone.

Just because previous managers of these department, in terms of screening, have not ticked every box far as checking every tick that needs to be ticked as far as the acquittals are

concerned, then sometimes, new funding will be put on hold. Many times we submit acquittals based on paper acquittals. There is no clear work taking place on the ground and I intend to get Department of Rural Development, Department of Finance not just to pay out but really be out in the districts and provinces to actually check what's on the ground.

Some districts are also beneficiaries, not only to the K500 000 DSG grants. For instance Kandrian-Gloucesterc district is a beneficiary to more LEDF funds than many other districts. I'm using this as a case in point. But work must be taking place in the districts.

We are now in the business of acquitting clearly, we expect work to be taking place in the districts and the provinces not only on one or two sides but both in Government and Opposition alike.

Mr Joe Lelang – Point of Order! Mr Speaker, I think the Minister shouldn't be talking too much on acquittals here. I have already acquitted the LEDF funds. I have already followed all the processes and acquitted all on those discretionary DSGs that I have picked up. It's not only the acquittals that is the only requirements.

Let me tell the Minister, another requirement that you need to do before you get your DSG release is that, your budget for the DSG must be approved by your JDBFC or your Board. I have all these. I just want to know that these are constitutional grants that cannot lapse. It's not an appropriation. So I want a simple answer. Will I be able to get discretionary funding as well? You may mislead Parliament here saying that everybody received theirs which I haven't and that is a straight forward question that he should answer.

Mr JAMES MARAPE – Mr Speaker, funds are appropriated and every district should receive this fund. If Kandrian-Gloucesterc has a legacy issue as far as not receiving some year's allocations, we will look into it. But I will place on record again that whilst it is a constitutional grant, allocations from previous years are made redundant when one financial year lapses. That is something I'd like to place on record, Mr Speaker.

I'd like to impress on every Member of Parliament that if your district fails to acquit or clearly fails to work with the respective government departments in every financial year, the onus was on you to respond positively with us and if you fail, you cannot come five years after us and expect us to honour a five years ago commitment. That is the point I am making.

Mr Speaker, going back to Kandrian-Gloucesterc, I realise that there seem to be a problem as far as DSC is concern. I assure the Member that we will work with him and look into his district files and if it is a technical lapse on the part of the Department of Rural

Development then we will assist the Member. But if it is something that is on his districts part than we will work with the Member and tighten the issues. Thank you, Mr Speaker.

16/02

MOTION BY LEAVE

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

Leave granted.

SUSPENSION OF STANDING ORDERS – APPOINTMENT OF COMMITTEE MEMBERS

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

That so much of the *Standing Orders* be suspended as would prevent me from moving the following motion.

PERMANENT PARLIAMENTARY HOUSE COMMITTEE ON NATIONAL PARLIAMENT – APPOINTMENT OF CHAIRMAN AND MEMBERS

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

That the Speaker, Mr Job Pomat, be appointed Chairman, Mr Sasindran Muthuvel be appointed Deputy Chairman; and Mr Chris Haiveta, Mr Powes Parkop and Mr Salio Waipo be appointed members of the Permanent Parliamentary House Committee on National Parliament.

Sitting suspended from 12 noon to 2pm.

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**PAPUA NEW GUINEA AIR SERVICES LIMITED – ANNUAL PERFORMANCE
REPORT, 2016 – PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr ALFRED MANASE (Kandep – Minister for Civil Aviation) – I present the following paper pursuant to statute:

Papua New Guinea Air Services Limited, Annual Performance Report, 2016.

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

Leave granted.

Thank you, Mr Deputy Speaker, and this honourable Parliament for allowing me to present an overview of the 2016 Annual Performance of PNG Air Services Limited (PNGASL) focusing on its current Air Navigation Development priorities consistent with its Aeronautical Communications, Navigations, Surveillance and Air Traffic Management (CNS/ATM) Modernization Program.

I must remind this Government that aviation services continues to be a vital component of the transport network in Papua New Guinea due to the geographic nature and remoteness of population centres. It is a known fact that our people rely extensively on aviation services for trade, economic, social, tourism, education, health, business and investment purposes.

Mr Deputy Speaker, the continued development of a safe, efficient, reliable and high-quality air transport system is therefore an important ingredient in PNG's development.

Apart from airports and airstrips, key elements necessary to provide the required level of air transport services are communications, navigation and surveillance systems to facilitate safe and efficient air navigation services in the country. And this is where PNGASL comes in as the sole provider of these critical services to ensure that flights navigate safety through and within our airspace.

Mr Deputy Speaker, since the commencement of operations as a company in 2008, I am pleased to acknowledge the achievements of PNGASL

18/02

Mr Deputy Speaker, since the commencement of operations as a company in 2008, I am pleased to acknowledge the achievements of PNGASL and it is commendable to highlight some of the significant milestones the company has achieved in 2016.

PNGASL is a State Aviation Enterprise (SAE) that is financially independent and sustains its operations using funds generated from Air Navigation Charges as prescribed in the *Civil Aviation Act 2000* (as amended in 2010). With stable and sustainable business conditions, it is now focusing its efforts to modernizing its Communications, Navigations, Surveillance (CNS) and Air Traffic Management (ATM) systems and infrastructure.

Modernized CNS/ATM solutions are intended to and will meet global operational standards and service excellence which is the current trend within the Airspace Management Industry globally. As such, the Company continues to look for innovative and cost-effective solutions annually to better serve its customers and more importantly provide a safe airspace for its users.

The PNG Air Services 2011-2015 Development Plan which has been reviewed annually, was used to set the short-term business objectives to meet its statutory and regulatory obligations under PNG and International Conventions which the Modernization Program is designed to satisfy.

The company through its strategic partnership with the Government of PNG and other key development partners, namely the Australian Government and the Asian Development Bank, continued to receive funding support for its CNS/ATM Modernization Program.

Mr Deputy Speaker, PNG Air Services Ltd implemented some key projects in 2016 and include:

Commencement of the Introduction of the Global Navigation Satellite System (GNSS) based Approaches Project. This involved the development of Instrument Approaches and Departures to and from airports using satellite technology, which is the future of air navigation world-wide. This Satellite based navigation system will be useful for both commercial airlines as well as our third level airlines servicing the majority of our people living in rural areas. The enhanced safety and efficiency provided by this technology, will bring significant benefits to the aviation industry and the travelling public.

Continued Implementation of the PNG ADS-B and Air Traffic Management System under the NiuSky Project.

Mr Deputy Speaker, The NiuSky Project is the core Project under the holistic Modernization Program and will provide the Air Traffic Management platform that will

integrate and process data from all operational communications, navigations and surveillance systems and facilities for a fully automated air traffic management solution leading to an enhanced safe and efficient airspace.

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The use of an ICAO compliant, state of the art, fully automated Air Traffic Management system, processing information from the different communications, navigations and surveillance sources and coordinating directly with airborne avionics with minimal human intervention, will have an immediate global impact as international and local airline operators would be assured of an enhanced level of safety. Airlines would also benefit immensely from the improved standard of services that would allow them to fly their preferred routes and at their preferred optimum altitudes, over long haul oceanic flights which will realize operational efficiencies and will result in significant cost savings for the air transport industry, through reduced fuel burn and operational costs.

Mr Deputy Speaker, the project will also deliver an Automatic Dependent Surveillance Broadcast (ADS-B) system. The ADS-B is a modern space-based surveillance technology that is proven to be most cost effective. The system will ensure that Air Traffic Controllers on the ground are able to accurately monitor and track aircraft's positions on a real time basis. Currently, this capability is not available outside 200 nautical miles of Port Moresby and controllers rely heavily on pilots providing the necessary information.

ADS-B is cheaper to procure, install, operate and maintain in the longer term and is preferred over the use of ground-based radar technology which have been prone to constant vandalism, landownership issues and theft, etc.

There are currently two VHF Radio Projects being implemented and both involve the replacement and provision of new IP-based VHF radio facilities with completely new Hybrid Power Supply systems throughout the country. A new satellite-based communications network system will also be provided as back-up to

Telikom provided network links. The Hybrid Power Supply Systems being provided, consist of Solar panels, generator sets and appropriately sized battery bank systems, all operating independently but working in close collaboration to provide the much-needed power supply and redundancy support to the radio and network systems for operational continuity.

Contracts for these two projects were signed, however, were not implemented due to Government being unable to meet its 21.9% portion as required under provisions of ADB Loan Agreement.

During the year, PNGASL did convince Contractors to commence low risk portions of the work including having initial Project Meetings and discussing details of respective system designs. ADB has now agreed to frontload its 78.1% portion of the contract and both projects have commenced.

To add value to its business growth, PNGASL is simultaneously modernizing its human capital capacity, capability and competency through ongoing recruitment, training, learning and development programs. It is also recruiting and training new Air Traffic Control (ATC) Cadets, Engineering technicians and other business professional graduates as part of this ongoing development. I might add here that we have installed the latest simulator at Jacksons Airport that gives you an overview of what's going on at the airport and above sky level. We are one of the few fortunate countries who have this technology where Australians and New Zealanders don't have at the moment.

20/02

Mr Deputy Speaker, while the Modernization Program will bring in significant benefits to the people of Papua New Guinea, it will obviously attract a significant capital investment and the Government through the National Executive Council is acknowledged for recognising its importance and endorsing the US\$ 75.3 million on Modernization Program in 2013. This is a clear indication that the Government is committed to supporting PNGASL with its mandated responsibility. Some of the projects that I have highlighted are part of that package.

Mr Deputy Speaker, unfortunately, since 2013 the Government has disbursed only K27.3 million under its budgetary allocations in response to PNGASL annual budgetary submissions; and this is made up of K14.3million disbursed in 2013, K3million disbursed in 2014 even though K16.3million was appropriated. PNGASL received nil funding appropriation in 2015. In 2016, PNGASL was appropriated and warranted K10million. By September 2018, all of these systems will now be automated and they will be fully operational before leaders come for the APEC Summit.

Mr Deputy Speaker, in terms of Major Transport Polices and Transport Safety, PNGASL modernization efforts through the CNS/ATM Modernization Program will greatly enhance aviation safety as the automation achieved through modern satellite-based systems and state of Air Traffic Management system will minimize errors and safety related incidences introduced and induced through human interface.

Mr Deputy Speaker, cost recovery is a central principle for sustainability in the transport sector through the User Pay Policy as stipulated in the National Transport Strategy. The Cost Recovery Principle is also enshrined in the Chicago Convention which PNG is a signatory of and the levies and charges which PNG Air Services charges are based on cost recovery and not geared towards profit making. That also goes towards reducing cost of travel for travelling passengers.

Mr Deputy Speaker, community service obligations is the other aspect of PNG Air Services. It is acknowledged that there are instances where the community at large, are unable to make equal contributions to the cost of Air Navigation Services provision and maintenance. One such service is the Search and Rescue Alerting and Co-ordination Services that PNG Air Services Limited provides.

This service is provided at no cost to the aviation community. As it involves the lives of the travelling public, it imposes a responsibility on the National Government for careful consideration of how an independent entity can be created and fully funded to conduct any search, rescue and recovery missions when an aeroplane gets into an accident. Currently industry members are carrying out this role on a voluntary basis at huge costs to their organization.

Mr Deputy Speaker, with the exemption of fees for rural airstrip operators, in 2014, the Government made a decision for airlines operating into and within rural airstrips to be exempted from paying any air navigation related charges. This has had an impact on PNGASL's revenue generation efforts and the Government should consider reimbursing PNGASL in compliance with Section 145(2) of the *Civil Aviation Act* as amended in 2010.

Mr Deputy Speaker, PNG Air Services is fully aware of the Government's Public Private Partnership (PPP) Policy of NEC 274/2008 and has considered various options available and attractive to the company. However, the completion of the Modernization Program is a key prerequisite for the implementation of this policy. This will also ensure that the asset value of the company is increased.

Another vital prerequisite would be for an air services act to be legislated, which would clearly define the governance issues under which the PPP Policy among other matters can be implemented consistent with requirements of the *Civil Aviation (Amendment) Act 2010* and the *Companies Act 1997*.

21/02

Satisfying both prerequisites will significantly contribute to meeting the GoPNG's expectations for PNGASL to be totally self-sufficient, thus easing the burden of the PIP Funds and consolidated budgetary requirements as funds that would otherwise be used to meet PNGASL's capital expenditures, will be then utilized for other GoPNG priorities.

Mr Deputy Speaker, I must remind the government of the day that this is consistent with the original intent for the establishment of SOEs and SAEs.

Key Development Drivers Regulatory Compliance

Mr. Speaker, International Civil Aviation Organization and Civil Aviation Safety Authority (PNG) operational Audits in 2014 highlighted significant deficiencies in the existing air navigation system PNGASL employs to provide air navigation services. The deficiencies highlighted have also been raised by both domestic and international Airline industry, neighbouring States' air navigation service providers and the general public in the overall unified interest of aviation safety across air boundaries.

This situation was recognized by PNGASL long before these audits which can be proven by the Company's 2011 - 2015 Development Plan which was alluded to earlier. Since then the company has been working tirelessly to resolving these deficiencies which relate to aviation safety. The modernization program is well on track and when completed, it will address all these issues and more.

Aviation Safety

With the introduction of new advanced aircraft systems and forecasted growth in air traffic within the region by the International Air Transport Association (IATA), it is incumbent on us to ensure the highest level of aviation safety for any aircraft operating over and within our airspace. It is not only a local or regional need, but it is global as we see aircraft operations transition through multiple airspaces. The introduction of modern systems, facilities, equipment and services will therefore ensure that PNG delivers seamless services, compatible with our regional neighbours and airborne equipment, to ensure we meet international regulatory and service obligations, national civil aviation rules and legitimate requirements of civil aviation users within the PNG airspace.

Critical National Infrastructure and Asset Security

Mr Deputy Speaker, it is incumbent on the Government of today to understand that the protection of critical infrastructure which includes transport infrastructure is integral to the functioning, growth and prosperity of nations. For PNGASL, the key physical and virtual infrastructure which includes technological systems that support its business and therefore provide service to Papua New Guinea's aviation community, needs to be considered more critically today. The migration to the use of satellite-based technology which is less susceptible to the same degree of challenges faced by the current ground-based systems and facilities, will be a positive accomplishment with significant cost benefits realized by both by PNGASL and the industry.

Mr Deputy Speaker, it is well worth conveying also that PNGASL has also proactively engaged services from professional Asset protection companies to protect strategic operational assets and will continue to do so well into the future.

Modernize Technology

Mr Deputy Speaker recognizing the rapid change in technological advances in aviation systems and aircraft avionics, a holistic approach to modernize the airways facilities is justified. Piecemeal approach will result in compatibility issues and lead to poor system interface and harmonization between the different elements of the complete CNS/ATM system.

Revitalize ATM Services

Mr Deputy Speaker, the replacement of the existing Air Traffic Management (ATM) system will provide PNG with a modern, fully integrated, dependable and sustainable ATM system to support the delivery of Air Navigation Services throughout PNG's sovereign and international airspace. The systems will be fully compliant with International Standards and recommended best practices of the International Civil Aviation Organization (ICAO) and comply with relevant PNG Civil Aviation Rules.

22/02

Mr Deputy Speaker, although the magnitude and cost of the project is huge and simply the biggest ever undertaken by PNGASL or its predecessor organization, this is viewed as a major investment project which will increase PNGASL's asset base and value. With improved seamless airspace services resulting from the introduction of the new technologies, PNGASL will be in a better and justifiable position to raise its charges to the air transport industry, to be

compatible with those in the region to improve its financial position and be fully self-sustaining in its operations well into the future.

Mr Deputy Speaker, it has been an ongoing matter where the airline industry continues to demand and expect PNGASL to provide a much better and more efficient level of service that meets current international standards and that helps them reduce their operational costs and this is understandable. Any time saved is significant to an airline operator's bottom line in terms of improved service, safety and cost saving. In this regard, a fully automated air traffic management service, using satellite-based technology, will be of significant benefit to them as our core customers.

Mr Deputy Speaker, the project supports the PNG Vision 2050 initiatives by allowing the mass population to have access to the air transportation system and ultimately basic services such as health and education in addition to facilitating trade, commerce and investment opportunities associated with wealth creation. It will achieve that through a healthy aviation environment that facilitates the provision of safe, efficient, cost-effective and highly reliable services into and out of airports and remote rural airstrips.

Mr Deputy Speaker, finally, the air navigation element of the civil aviation business is internationally driven and focused. The level of services we deliver portrays PNG's image and capability to the world on an hourly basis as assessed by international airlines that fly through our airspace. It is therefore critical that we recognise the importance of advancing aviation services to meeting regional and global standards of service and aviation safety excellence towards the realisation of PNG's Vision 2050.

Mr Deputy Speaker, as Minister responsible for Civil Aviation, I commend the PNG Air Services Ltd Board, Management and Staff on their vision for the nation's airspace and efforts in continuing to revolutionize and shaping a new era, in the delivery of air navigation services in and for PNG. On behalf of the Government of Papua New Guinea and as Minister responsible, I commit my Ministry to fully support their initiatives under the principles of this policy statement.

In concluding and in accordance with requirements of the principal *Civil Aviation Act 2000* as amended in 2010, I hereby present before Parliament the PNG Air Services Limited Annual Report for 2016. This Annual Report provides a snapshot on the performance of the company in terms of development priorities during the 2016 financial year. And more has happened. In the 2017 report, a more updated report of what the Government is currently doing for the air navigation system will be provided to this honourable House.

I commit the report to this honourable House.

Mr SAM BASIL (Bulolo – Minister for Communication and Information Technology)

–I move –

That the Parliament take note of the Paper.

Mr Deputy Speaker, once again, I commend the Minister for Civil Aviation to have brought the PNG Air Service Limited 2016 Annual Performance Report.

Mr Speaker, as I represent a rural electorate in Papua New Guinea, I will not comment more on the sophisticated implementation of our major airports in the country, especially in the provincial capitals.

First of all, before I go on, I would like to commend the former Minister, Steven Davies, in the Ninth Parliament, who took the initiative to visit my electorate.

23/02

Before I continue, I commend the former Minister Steven Davis in the 9th Parliament in taking up the initiative to visit my electorate, when I was in the Opposition criticising the Government to come launch the Rural Airstrip Agency in Bulolo. In doing so, the Rural Airstrip Agency has taken leap forward and has now being connected with various members of Parliament in making sure that rural airstrips are attended to.

Mr Deputy Speaker, the exemption of rural airstrips operators as per the report here; I would like to commend the then O’Neill-Dion Government in the 9th Parliament.

Mr Deputy Speaker, on the paper here it says that it has been implemented in 2014, however no operator has come forward to commend the government of this initiative because that alone has saved a lot of rural operators in landing fees and that’s one of their complaints during those times and they wanted the government to pay attention. The former Minister has taken the courage of coming forward and the O’Neill-Dion Government wiped it off by making it easier for the rural operators to save on some costs. But in saying that I would like to remind the House that out of the 89 districts in PNG, and if we minus the 22 provinces, we will have 67 districts. Now out of these 67 districts I believe that there are at least one airstrip or more in those rural areas. Now in percentage wise it gives us 89 percent of the districts in PNG that are in rural areas and that’s a big number.

Now back to my electorate, my district has got 8 airstrips; Bapi, Homura, Garaina, Garasa, Hasama, Tekadu, Wau and Bulolo. And Bulolo is fortunate because we have Hidden Valley mines and the PNG forest product operating so they can attend to the airstrip. But the other seven are attended to by the district and the provincial government.

Now coming back to the questions raised this morning by one of the members to the Minister for Health in relation to, who is responsible for rural aid-posts and health centres. This same question applies to this rural airstrips.

We may ask whose responsibilities is the rural airstrips. Since the establishment of district authority there is confusion because I have experienced it back at my province. When budgets are handed down funds are always set aside by the provincial government to attend to the airstrips but then those funds most times don't reach the rural airstrips. And people then question us members on how we have spent those funds.

In some very remote places some local trade store owners tend to take care of the airstrips because they need the airstrip for their shops to survive. In doing so, they take carriage and ownership and become agents of those aircrafts that operate into the areas.

Coming back to the Minister for Civil Aviation's report in relation to the exemption of the piece of rural airstrips, he mentioned about the impact it has on the total revenue of the civil aviation for the year.

He mentioned about government reimbursing and we all should take this report seriously and consider refunding it during the exemption exercises.

Mr Deputy Speaker, we should also consider subsidising the rural airstrip operators. Now since Talia left we have few operators operating in the country and they are not only operating on piston engine turbine.

24/02

There are some piston engine aircrafts still operating in Papua New Guinea and they use different fuels. The turbine engines use Jet A- 1, and this fuel is cheap and easier to access and the piston engine uses F-Gas. The F-Gas, is ordered from Holland in containers which is very expensive and the operators pass the cost to the passengers. For example, to fly for 15 minute from Wau to Garaina,

Mr Deputy Speaker, it costs about K420 to K450 kina and I believe all the members sitting here, particularly the Member for Goilala, you have experienced that a 15 minute flight will cost the same as flying to Port Moresby on Air Niugini. So, we have to look further, by looking at how and why those costs are high and I believe that one of them is the F-Gas. Now it brings me to question the existence of the Napanapa Refinery that is existing in Papua New Guinea, Port Moresby. What kind of fuel are they producing? Can we make sure that they also process, F-Gas fuel and ZA1 fuel for our aviation industry so that we can have cheaper fuel available for those third level operators for the benefit of the 80 percent of the rural people that

depend on air transport. Let's make sure that we reduce that cost or the operators reduce the cost so that they can afford the air craft fare. For example, if there is a public servant operating in Garaina in my district, he gets paid not more than a single airfare from Lae to Garaina or from Garaina to Wau. He has to save up for about three to five fortnights or sacrifice two of his fortnights to afford the airplane cost to take a return trip. Those are the issues that we are still fighting out in the rural areas and I hope that as a Minister in Government I will still try and make my best to advocate for this so that we can find ways forward.

Mr Deputy Speaker, I commend the Minister and also commit my department, the NICTA Department, to make sure that whatever changes we have in terms of radio frequencies, we are there to help our fellow departments to make sure that we adopt to the international standards, like he has mentioned a few minutes ago. We stand to support the aviation industry of Papua New Guinea also taking into account the upcoming APEC Meeting, we will support him to make sure that the landing strip is very important to make sure that if we comply we will expect most of our visitors to come, otherwise, it will really affect out hosting of the APEC, so I support the Minister.

Finally, Mr Deputy Speaker, I would also like to comment about air craft accidents. The last accident was in Morobe Province, my province, I believe.

Mr Deputy Speaker, we have to do more to make sure that our response to accidents is prompt and in a timely manner. I believe in the last accident, the pilot was alive for a day but the response was given after two days and it was too late when the rescuers arrived on site. We stand to support the Minister in making sure that air safety in Papua New Guinea are attended to in all manner and capacity from all departments and even our Ministries. Once again, I congratulate the Minister for bringing this report to this parliament on the Annual Performance of the PNG Air Services. I believe hopping on from Jacksons Airport to other ports is of world standards and we are pushing more to make sure that we comply. I commend the Minister.

Mr LEKWA GURE (Rigo) – Thank you, Mr Deputy Speaker.

I also rise to congratulate the Minister for Civil Aviation for presenting a good report on PNG Air Services Limited 2016 Annual Performance Report. I also echo the sentiments acknowledging the fine works that the Honourable Davies Steven did during the last term of Parliament as the Minister for Civil Aviation matters.

25/02

Just to put in perspective on the Report that was presented by the Minister for Civil Aviation, before the *Civil Aviation Act* came in year 2000, Civil Aviation matters were looked after by initially DCA and it became the office of Civil Aviation under the Department of Transport and after the passing of the *Civil Aviation Act* in 2000 there came a separation of functions.

CASA PNG as we know it the Civil Aviation Safety Authority, is the regulator. It regulates the industry in terms of compliance and conformances.

Then we have the National Airports Corporation which is in charge of all the major airports as we know it today as Rural Airstrips Agency. And then we have PNG Air Services Limited with their 2016 Report as presented by the Civil Aviation Minister this afternoon.

Then we have the Accident Investigation Commission, so all these bodies constitute the provision of Air Transport Services in Papua New Guinea, particularly Civil Aviation as we know it.

Civil Aviation given our geography in Papua New Guinea plays a very important economic and social link to many parts of our country.

Many of our towns and cities are not linked by roads so air transport is the best link that we can have between all our major towns and cities and indeed in many of our communities including the rural communities as well.

Mr Deputy Speaker, according to the report presented by the Minister for Civil Aviation this afternoon just to simplify PNG Air Services role in this Civil Aviation scenario.

Firstly PNG Air Services Limited, there are three components of its role in the provision of Civil Aviation in PNG. Firstly, it provides navigation services, secondly, it provides communication services and thirdly the air space management are above the territory of PNG.

With the navigation services the Minister in his report talked about global navigation systems which are satellite based which is very important for us to take note of.

This system does not rely on ground based or terrestrial navigation equipment of the past like the BOR or the NDB or the DMB. This is purely based on the satellite navigation which operate above all the airspaces worldwide. That takes care of landownership issues, vandalism so on and so forth.

Secondly with the navigational function that the PNG Air Services Limited provides, it provides tracking with various equipment. It makes the use of the air space more efficient where you have the accurate navigation provided by the system where you optimise the use of the

airspace as well. Also it allows aeroplanes to fly at a preferred level. If the plane fly at a more preferred level it is more economical for the airline.

Unlike if they were flying at the weight they were carrying too high or too low and it makes them very inefficient and cost wise in terms of fuel usage.

Second function that the PNG Air Services Limited provides is communication. This is really important with two different types of radio frequency, Firstly VHF, Very High Frequency as we know it and also with the HF.

Aviation being a global activity because it crosses borders in no time at all, we need to have good communication where we have seamless operation when aeroplanes are passing Papua New Guinea airspace on the way to Japan or South bound into Australian Air space our air traffic controller are able to communicate with the aircraft efficiently both through HF and VHF communication as well.

Then there is the airspace management. With that communication and navigation capability of PNG Air Services Limited it allows them to maximize the use of air space of Papua New Guinea.

26/02

It is both for domestic and international operations, where aeroplanes are crisscrossing our air space from all over the world. We might be sleeping soundly in the night but there are aeroplanes flying over our air space in the night. This is PNG Air Services providing a world class service to many of our operators through the world.

Mr Deputy Speaker, what is the significance of this? In the year that PNG is hosting this very important APEC Meeting, we need to prove to the Aviation Industry including the International Civil Aviation Organisation that PNG is able to efficiently and effectively manage its air space because many of our world leaders will be arriving for this important world summit in their state owned aeroplanes.

For instance, the US President might be arriving in the Air Force One which is the Boeing 747. The Russians will come in their own and likewise the Chinese will also come in their own planes. The Australians with the Boeing 737 configured for a business configuration while New Zealand has the Boeing 757 and our PNG Falcon 900 EXY.

It is really important that when this world leaders arrive in our air space what they are doing is flying their flags. The same can be applied to our falcon. When our falcon flies our

Prime Minister or any of our state ministers to those other countries, it is a proud moment. Our leaders are flying our flag even when the falcon is the smallest plane on the tarmac.

I remember in 2011 or 2012, I personally flew the current Prime Minister to Hawaii for the APEC Meeting and it was a very proud moment to have our small falcon amongst other bigger planes on the tarmac.

We have to demonstrate to the world that PNG Air Services Limited is able to effectively and efficiently manage our air space. These world leaders coming need to know that PNG Air Services will provide the right air traffic control for them to come into our country.

In the Aviation Industry, the technology in the aeroplane has always been ahead of the technology on land. For example, the technology in the air control towers are always lacking behind the ones in planes which are usually state of art. The technology in the falcon is like the one in the air buses A380 which is the biggest air transport carrier in the world today.

Therefore, it is very important for this Parliament with this report presented by the Civil Aviation Minister that we support the work of the PNG Air Services Limited. It is a very important function that they provide for the Civil Aviation Industry in PNG.

I would also like to comment on the remark made by the Minister for Communication, Information and Technology who talked about subsidising operations into rural airstrips. In the 1970s and 1980s, we had operators like Talair and Douglas Airways.

Those two operators alone covered the whole country of Papua New Guinea. Indeed in the 1980s, Papua New Guinea hosted the biggest third-level operator in the Southern Hemisphere in the company of Talair. It was a great achievement that PNG actually hosted that biggest third-level operator. In those days the Government actually held what was called the Bureau of Management Services Charters or BMS which were funded by the Government to all our rural airstrips.

27/02

It is very well to exempt the operators from paying the landing fees but if we are talking about any development or road development, we talk about the economic activity there to justify putting this road in and the same can be applied for rural airstrips as well.

Important as they are, rural airstrips should also be tied to economic activities whether it be coffee or some other cash crops that has been growing in the local community which will help to pay for the services. There is no such thing as a free lunch these days, somebody has to

pay for it. So with the rural airstrips, there should also be economic activity tied to the development of rural airstrips.

I really support this rural airstrip agency. We ourselves in Rigo, we do not have road access to the Rigo inland so we rely on the rural airstrip to be opened up so that we can connect our Rigo people to the district headquarter in Kwikila or Port Moresby itself.

Once again, I commend the Minister for Civil Aviation for presenting a very good report, the PNG Air Services Limited 2016 Annual Performance Report and I would encourage the Honourable Members of this House to support the work of the PNG Air Services Limited as part of the civil aviation industry in Papua New Guinea, thank you Mr Deputy Speaker.

Mr SOLAN MIRISIM (Telefomin – Minister for Defence) - Thank you Mr Deputy Speaker, I also commend the Minister for Civil Aviation for presenting the 2016 Performance Report of the PNG Air Services.

I come from a remote district where we do not have road network. We rely on almost 15 to 19 airstrips in my Telefomin district to fly in and out to bring goods and services to the LLGs using small third level airlines.

We have actually seen how the small third level airlines have serviced us in the districts and remote areas which my district is quite big and we rely heavily on this to bring in services.

I commend this Government, both the Ninth Parliament and the Tenth Parliament including the former Minister for Civil Aviation for coming up with some good initiatives and the Government has allocated some funds and created some third level airline companies such as MAF.

In 1948 missionaries from Baiyer went and build Telefomin airstrip and MAF flew there and is still there today and serving almost 15 airstrips in the Telefomin district including other parts of Papua New Guinea. MAF is a third level airline but is providing sufficient services to the rural airstrips in the country.

The Minister has made a very good decision to take them on as a rural airstrip agency and are going ahead to doing their job.

Just a few comments, people who use roads will comment on the road transport, those using water will comment on using dinghy and so forth. There are three types of transport mode. PNG is a developing country and is coming up with the systems to upgrading air services with limited or even with no funding from the Government but are able to obtain funds from within and providing air services to the rural airstrips in Papua New Guinea. Therefore, I commend PNG Air Services for the initiatives they are implementing.

28/02

This is a growing country and for us to host APEC 2018 reflects that Papua New Guinea is actually rising up the ranks. Therefore our infrastructure such as the Jacksons Airport must be raised to world class standards, in terms of its systems of communication and in terms of navigation system.

The rural air strips are using VFC radios. VFC Radios that are installed in the rural airstrips are more powerful than *Digicel* and *BMobile* Communication network and connection. When there is a disaster and the communication goes off with the mobile network, the VFC network still works. The Government, must continue to fund by putting money in the budget every year towards rural airstrip agencies and direct them to upgrade all VFC radios and the rural airstrip that are still functioning. This will allow for services to reach the people who are not linked by roads or by sea.

I commend the Minister for the good Annual Performance Report for 2016. Your department has devised sophisticated instalments to meet the standards of world air service providers and I want to thank you. That is all I have to say and I commend your annual report.

Mr DAVIS STEVEN (Esa' ala – Minister for Justice and Attorney-General) – Thank you, Mr Deputy Speaker. I wish to join the other leaders in expressing the support and commending the good work of the current Minister for Civil Aviation. I am particularly pleased to contribute to these debate with three points.

Firstly, the reporting requirements which the Minister for Civil Aviation has seemed to upheld since he assumed his role is very good example and a lesson for all of us who are responsible for the agencies of State and the executive arm and the machinery that services our people and our government especially in terms of delivering important services and also ensuring that our mandate in the respective legislations are complied with. The requirement to make annual reports to this House is a legal requirement.

Mr Deputy Speaker, the reason is that, our people are left to wonder many times why we stay certain problems, whether the government is doing something about these problems or what the Government is doing. Often times, it is easy for people to point at government, but the reason why we need to have annual reports and encourage the culture of reporting and why the law requires reporting form our SOEs and SAEs in the case for aviation entities is for visibility. So that when a report is presented in Parliament.

The report describe the activities of these state agencies; how they manage public funds and in some cases loans that we take as a nation to address important issues. And through the

leaders who are in this important House, Mr Deputy Speaker, we begin to address these issues by debating and make important decisions. The Minister for Civil Aviation is working and desires the support and contribution of the leaders of the House. It is important that we commend his leadership and as Parliament, encourage the culture of reporting.

29/02

Mr Deputy I keep referring to this culture because when I look at this report my mind brings back the memories of the dark period in 2010 and backward to 2000, when our aviation sector was faced with a near collapse due to neglect and constant depreciation of the quality of leadership and workforce in that sector.

Mr Speaker, it was during that time that the Government began to intervene and make serious decision in terms of policy and the *Civil Aviation Act of 2000*, and the subsequent amendment in 2010, came as a result of constant monitoring of government of that period to try and address the aviation sector.

Mr Deputy Speaker, the other speakers have already alluded to the importance of the transport sector or overall as an enabler to building our country and also to improving service delivery to our people.

Now it was during that dark period when we see government intervention to good policy that was overlooked by previous governments and to our time by the then O'Neill-Dion Government and now continuous oversight by the O'Neill-Abel Government.

Mr Deputy Speaker, policy is important and clear policies that emphasise a compliance culture. A policy that seeks to move away from the standard bureaucratic attitude through a corporate governance emphasises where structures and processes are to be observed. One of the reasons of the success of the PNGASL is because of the policy where we have an independent board but a good balance between the independent of the board and government visibility. So that the board is left to go around and do his own things but it pursues government priorities.

Mr Deputy Speaker, this policy has resulted in the case of the PNGASL a success story in one of our SOEs. In a time when our nation is I complaining about the performance of SOEs at least we have some success stories and I commend the Minister for bringing this report because we need now to forecast on the successes and being to learn lessons from them.

One of the reasons that PNGASL is a success is stability in the board and the working relationship with the management, the selection and appointment process of the management which is the CEO and the board. There is a clear balance between government involvement

and the need for this industry entity to efficient and to perform especially in a sector where safety is priority and the standards are regulated by the international community.

Mr Deputy Speaker, the report is very encouraging because it shows a clear progress of an entity that was created only in 2010, and in less than five years they are able to get it right.

Now it's also encouraging to see that State-owned enterprise that supports government priority. We see here a clear statement of leadership that is supporting for instances; the rural airstrips forecast and the rural connectivity forecast.

There is also mention of the way this particular little organisation, which one may call it, in comparison with the other SOEs, has managed to gain government support through the annual Budget and complemented that with the ADB loans which they have used in the modernisation process or the Modernisation Program that they have undertaken.

Mr Deputy Speaker, what is important is that the board and management of PNGASL have now worked hard to develop a generation of workforce that will now succeed the ones that are retiring.

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We all know the story Mr Deputy Speaker. Since the 6-mile College closed down some years ago there has been no training. There is no succession planning in terms of the workforce that will man this important entity for our nation.

Under the leadership of this Government and its National Transport Strategy, the board of directors and the management have continued to do that in line with the Modernisation Program that they have successfully undertaken.

Mr Speaker, I want to finish by saying that going into the future, our country has the opportunity now to develop a very strong Transport Sector Policy under the leadership of the Ministers for Transport, Civil Aviation and Works.

We have three modes of transport and a White Paper on the National Transport Strategy is now being reviewed. Only a few days ago Cabinet received a report on a strategic paper from the Minister for Works and it was really encouraging to see the amount of details and thoughts that have been put into that mode of transport.

And with the good work now coming from the Minister for Civil Aviation what is now clear to me is that one important sector of our government can now be put together and strengthened under the leadership of capable ministers we have in this government going forward.

We can now address the long outstanding issue of rural connectivity and safety and the once problematic issue of managing our airspace.

Mr Speaker, policy and law complement each other, a good strong transport sector policy and good legislative framework will better position our country going into the future.

I finish by giving an example of what they did in Singapore. In Singapore a clear policy decision was made by their government to prefer public transport as opposed or as against personal transport. And so given that policy they designed their roads to give preference to bus stops making it more convenient for their people to use PMVs as opposed to owning and operating private transport.

They increased by policy and taxation laws the cost of running, purchasing and operating private vehicles. And that is a good example in my view which we can see in terms of why we need to define a very strong transport sector policy, and why the good work started by the Minister for Civil Aviation and the good work provided by his other sector minister under the current government can better position our nation going forward.

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

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 3.20 p.m..