

THIRD DAY

Thursday 24 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.

Mr Speaker again took the chair at 10.35 a.m., and invited the Member for Nawae, **Honourable Kennedy Wenge** to say Prayers:

‘Dispela morning mi askim lo nem blo Jisas lo Holi Spirit iken kam lo dispela Floor of Parliament stiarim Spika lon stiarim tok blo displa Palament. Halivim Praitim Minista lo bekim toktok na lukautim displa kantri ol Ministas na Membas. Helpim mipla lo toktok gutpla toktok lo skelim na mekim pasin toktok lo lukautim displa kantri lo nem blo yu. Mipla beten lo nem blo pikini blo yu Jisas Krai bikla blo mipla. Amen.

QUESTIONS

Mr ALLAN BIRD – Mr Speaker, I direct my question to the good Minister for Health and let me preface by saying that I note his responses to the good Member for Rigo and to the Member for Sohe.

Mr Speaker, we are receiving reports that many of our hospitals are really struggling right now to cope given the lack of supplies.

As recently as this morning we understand that the POM General Hospital is running out like things like Goss just to stop the bleeding and other consumables.

Mr Speaker, this is contrary to the responses that we have received from the good Minister in the last couple of days.

The Doctors have said that they are not allowed to speak to us because there is a gag order from the Minister.

This is a serious matter of national importance and I would like to ask the Minister to inform this honourable Parliament what the true story is in relation to medical supplies.

Mr Speaker, if the answer is unsatisfactory I would like to invite Members of Parliament including myself to visit this hospital after lunch.

Sir PUKA TEMU – Mr Speaker, I thank the honourable Governor for East Sepik for raising the same question that I have been answering on the floor of parliament with regards to the medical supplies situation in the country.

Let me say that specifically for Pom General Hospital, this hospital is used by people from Central Province, National Capital District and the Gulf Province and therefore there is a high turn over of demand for items like Goss which everyday you use enormous amounts of packets. It is a fact that this items will always run out including needles, syringes, cotton woll or Goss. Those are items that hospitals always run out on. This is not a new story.

Mr Speaker, our challenge is thye reason why I am giving assurance to that nation is that we have processes that have already started to bring the supplies back to the normal situation. I am not denying that supplies don't run out.

02/03

There are items that are highly demanded on a day to day basis by the emergency room of the Port Moresby General Hospital. They will always run short of supplies but my assurance to you and the nation is we have now begun process to bring the right level of supplies to every facility in the country. I assured the nation that we have already got the general supply tenders out and that the tenders have closed and the TEC will be meeting. They will then advise the CSTB who will then make the decisions for the supplies to come.

Therefore, I am assuring the country that although over the years, we have not met the requirements of medical supplies, the facilities will always runout but because of the record budget that we currently have, we are getting supplies delivered and getting an upper-hand with this problem. The World Health Organization (WHO) recommends that in every country it must be US\$10 per capita. That is about K35 per capita multiplied by 8 million people, so you can imagine the shortfalls that we have been having overtime. These shortfalls are a part of the processes that have denied health sector support over the years.

Mr Speaker, I can assure you and the people of Papua New Guinea that because of the support that we have through our National Budget, we are now able to begin the procurement and therefore the distribution.

I have just instructed the CEO of the Port Moresby General Hospital to give me a true update on what is happening at the emergency room there. After today's meeting I have an appointment with him. If there is anyone who is interested in coming, please do so and come with me.

The situation is real but we cannot bring panic to our people. I am assuring you that we are on top of that problem. The most critical area is the frontline like the aid posts and health centres. We are already replenishing the stock for supplies already. We have categorised the supply in three phases. The first phase has gone, we are in the second phase and the final phase will be in August.

There is a channel for communication with regard to all these issues. When I know about a certain issue, I take immediate steps to remedy it. There is no need to go to *facebook* because nobody in *facebook* will take action. This is the dilemma and there are pathological *facebook* users that are *facebook* philippic pathologically going out there including our doctors.

I told them to come and see me because I am a doctor by background and very passionate like you and I will respond accordingly. I have secured the biggest budget and I know the system better than many of you. I am passionate and I saved many people in my term as a doctor. Unfortunately, our media always talks about the bad side of things. Out of ten patients that enter the hospital, nine come out alive but nobody talks about those that are alive. They all want to talk about the one that died. Let us please stop painting all the negative pictures. All these pathological *facebook* users need to get out of it and be responsible.

As the Minister responsible, I can assure you, the people out there and our children who are here that we are on top of that problem. We will make sure that before the end of this year provided the Budget is fully catered for, we will get back to having enough stocks for our supplies and our people will benefit.

Pay Out Functional Grants

Mr GARRY JUFFA – My questions are directed to the Minister for Treasury but firstly I want to commend the Minister for always being available and responds when we require his attention.

03/03

There are number of Ministers who do that, not all but quite a few. There is one who never answers, he is always hiding, but I will not talk about him. His questions are coming next week.

Mr Speaker, my questions directed to the Minister for Treasury are in relation to functional grants. This is an ongoing problem that most provinces are facing. It is the problem of erratic payment of functional grants to provinces. These erratic payments are causing a lot of problems, especially for those small provinces who do not have a robust internal revenue. It is causing problems for all Members here, I can guarantee, because some time or another, we have to fork out funds to personally meet costs because these functional grants are not being remitted on a timely basis. For instance, there is K6.5 million outstanding functional grants for Oro province for 2017, for the period November and December. For this quarter, we are supposed to receive K5 million, instead we only received K1.5 million.

(1) Are there any plans to pay these outstanding functional grants in 2018, and if so, when?

(2) Why did we receive only a portion of functional grants for this quarter?

(3) Can the Minister explain so we can inform our people and public servants who are waiting anxiously for these grants so that they can attend to the services the people deserve?

(4) Has the Minister put in some sort of mechanism so that the Members can monitor the payment of these functional grants?

This is so that we don't have to constantly query or go looking for Treasury Officers many of whom are hardly at work.

(5) Can the Minister inform us as to whether he will rectify this situation?

He is the new Treasury Minister and we understand that he is undertaking a lot of work to solve a lot of problems that have existed for some time. Perhaps he can add this to the list of problems that he can resolve.

Mr CHARLES ABEL – Thank you, Mr Speaker. I thank the Governor of Northern for his very important question in relation to this important aspect of budgetary process and system.

The functional grants are critical in the sense that they go down to many of our frontline services that are provided through the provincial governments. These are minimum priority functions that the National Government has delegated to provincial governments to make sure that we have the necessary personnel services on the frontline down at provincial

level. Unfortunately, historically, when it comes to priority in difficult cash flow situations, elements of the Budget like the functional grants tend to get a lower priority and they tend to focus on other more important things like the wages, loan repayment and priorities like TFF.

Certainly in the last couple of years functional grants have suffered in that sense.

Mr Speaker, I have said on the Floor many times, and I emphasise again today, the importance of functional grants and the importance of making sure that provincial governments and local level governments are properly funded because they have obligations in terms of service delivery. If you don't have those funding then it's difficult to perform those functions.

As we execute the 2018 Budget, I want to say that we continue to give that emphasis on functional grants. I know there were some comments yesterday from the Governor of East Sepik about the functional grants in terms of the health aspect of it.

My response to the Health Minister was, it is unfair to say that functional grants have not at all been funded this year, which is incorrect. In an overall sense, 25 per cent of the functional grants have been released to provinces. The problem is, at what sort of level, per province, can be an issue.

Mr Speaker, as we come into some revenue flows this week and next week, my instructions to the bureaucracy are to look at all elements of the expenditure in our Budgets and to make sure that they plug those gaps so that the optionality of that funding brings up to about 30 to 40 per cent, in line with where we are in terms of the years and that includes very important functional grants.

04/03

I have mentioned it several times by saying that functional grants are 25 per cent. If some provinces have received 30 and others 10 then bring that balance up so that everybody across the board in terms of functional grants receive at least 40 per cent and that's the only commitment we can make. We must get to that point and as you all know revenue doesn't come in 100 per cent in the first six months of the year.

We have got taxation collection that are on track and financing part of our deficit budget fully on track but some other aspects of revenue like dividend collection is still lacking behind a little bit. And of course on the expenditure side we continue to have issues in terms of managing aspects of our expenditure, and payroll is one good example and it's not a secret. That is why a lot of effort is being made through our central agencies to bring some

of the expenditure item in control so everybody aligns with the budget expenditure and leaves it in the envelope. Then we are able to make sure that things like functional grants and other vital services like the health budget is fully funded.

Now coming back to my response to a previous question; we are confident that we are going to meet our budget expectations and it's not a fake Budget. It's carefully constructed and we are committed and I am working every day to deliver that Budget but it must be a collective effort from us all.

In response to the Governor's question, I mentioned that my instruction to the bureaucracy was that when somebody's financing comes in this weeks, it is part of the total revenue envelope and we are not relying only on borrowing and financing but emphasising very heavily on internal revenue collections.

I don't want to repeat myself all the time on this Floor of Parliament. When some of that financing comes in, my instruction is that you go through including functional grants you get everything up to at least 40 per cent. And of course that includes district funding such as councillors allowance and we also got to fund the local-level government elections in few months' time.

But let's stick to the budget and make sure that, that proportionality is maintained. We are not funding other areas of the budget and neglecting others.

So in response to Governor of Oro, functional grants are very important and only 25 per cent has been distributed so far and it's unfair to say that nothing has gone out.

We will make sure that hopefully by next week we will bring it up to 40 per cent across the board.

Supplementary Questions

Mr Walter Schnaubelt – Mr Speaker, I wish to direct my question to the Minister for Treasury.

Can you confirm to this Parliament on the total repayment for all our loans in each months?

Because some of us a bit confuse on our total debts.

Mr SPEAKER – Honourable Member for Namatanai, you are simply asking a new question. Its not a supplementary question. So you will have to ask this question at a later date.

Mr CHRIS NAGOI – Thankyou Mr Speaker, for giving me this opportunity. I wish to direct my question to the Minister for Works and Implementation.

It's in relation to the Banab Bridge, since the collapse of this bridge in January up until now it's almost five months, no progress made to fix the bridge.

The people affected are my people within the district especially Sumgilbar Local-level Government, people from Bogia and the people from Middle Ramu District.

However, the most affected people are the local farmers which is the only route that they use to transport their local commodities like copra, cocoa, betel nut and garden produce into town to sell. With that the PMV operators and trade store owners are greatly affected with this missing link the government services is not reaching the people.

Mr Minister, can you give an update on the progress of the bridge so that my people will know when exactly will this bridge be completed?

Mr MICHAEL NALI – Mr Speaker, I thank the Member for Sumkar for his question in relation to the Banab Bridge in Madang.

Mr Speaker, it's very true that it's taking too long to fix Banab Bridge since it collapsed when an excavator loaded a floater and it collapsed the bridge.

05/03

Mr Speaker, it's a 90 meter bridge. Asses Limited has been contracted as a local contractor and has a joint venture understanding with Greenhill in Wewak. Parts of the bridge are on site.

When the bridge collapsed, there has been some issues with the locals with the temporary access the Department was trying to establish. On top of that, an expatriate employee died per the issues with the locals.

As we speak now, the problem with that bridge is that the contractor is facing difficulty in bringing in a big crane to do pile driving because the bridge is quite long and we need to drive the pile properly and raise pier among the bridge to carry that 90 meter bridge.

As I speak, the Department is allocating some monies now and the cheque should be raised anytime now to give to the contractor organise the crane to be on site to rebuild that bridge. It is an important bridge and will take us some time including quite a bit of money to restore it so that we don't have to rebuild the same work again.

Mr Speaker, as I speak the job is on track and as soon as we give them some money they should start with the work by the end of the month to bring in a crane to do the pile driving so that the bridge can sit well and is strong enough.

Mr Speaker, also within Madang in your area, there is a bridge that also collapsed in Ramu, especially in Tapo which is an unstable area, therefore we are using a temporary by-pass. Also at Numbia, part Bogia station, that bridge also collapsed. The bridge remained intact but the foundation collapsed due to weather condition so we will restore

Mr WALTER SCHNAUBELT- *Point of Order!* The Minister has already answered the questions and is now going into the statement when we have limited time.

Mr SPEAKER- The Minister for Works is answering questions regarding the bridge and is making it known to the Member for Sumkar. Minister you may continue.

Mr Michael Nali- My answers have come to an end, there are only three important bridges which human beings uses for their daily living so it is important I have the opportunity to answer the questions make it clear to the people of Madang on this important bridges.

When I get interjections like this, it become very childish on the Floor of Parliament so thank you Mr Speaker, this is the opportunity I have to provide answers to those three bridges in Madang. As I said the main bridge you are asking about will be restored in a couple of months.

Mr WALTER SCHNAUBELT- Thank you Mr Speaker, my question is directed to the Minister for Treasury if you can clarify us on the types of loan you have obtained and what are the repayments you have made each month which we need to know.

If you could, please give us a report in the subsequent meeting about what is our country's debt level right now, who have we owed and how much have we repaid and how much are the interest rates on those loans. But if he can briefly tell us what is our current monthly repayment on all the outstanding debt, thank you Mr Speaker.

06/03

Mr CHARLES ABEL - Mr Speaker, I thank the honourable Member for Namatanai for his question in relation to the country's debt.

Mr Speaker, as you know our Government is exercising a number of aspects to support our Budget and an important aspect of that is the financing side of things.

Since the PNC Coalition led Government has come in to form Government 6 years ago we have taken the opportunity to pursue to the full extent within our fiscal framework that is our debt to GDP ratio in our Fiscal Responsibility Act to go out and avail ourselves of this resourcing so that we can begin to fully fund many of our development programs. We have been successful in doing so in the sense that there is many things happening around the country now for the first time including right down to the district levels. Because we are making ourselves available of these resources and always sticking within the guiding debt to GDP ratio and as I explained in the Budget outcome for 2017 recently, we have managed to keep that down to 31.9 percent debt to GDP.

Within those fiscal tools there is a range of available sources of financing, concessional financing, commercial financing that we take access to and of course you got on the other side is the grant financing that comes from our development partners in this mix.

If you are going to domestic market for example and accessing Treasury Bills which is short term money instrument that can roll over every 6 or 12 months. If you are issuing bonds that are 5 -7 or 10 years. Or if you are professional financing from *ADB* or the *World Bank* there is a whole profile in terms of those repayments.

It is not the same repayments that are on a week by week or month by month basis. It depends on how that debt structuring is maturing and this a Treasury and Bank of Papua New Guinea functions.

In terms of the overall picture though, we make sure that the provisioning in the financing in terms of the Budget that these repayments have been met. The critical point is that we are maintaining within that 32 percent and these repayments have always being met by Papua New Guineans and continue to do so. Papua New Guinea has never defaulted on its debt obligations.

There is a week by week process where our public servants get together and as per the Budget provisions they meet these obligations. It is not possible to give you an exact figure on a month by month basis because it varies.

It's a fiats to say that there is a process that happens and these obligations have been met and they are provided for in the budget. It may vary this month to next month depending on what particular loan is falling due.

Mr Walter Shnaubelt – Point of Order! That is fine for forecasting purposes. But what was your repayment last month? Give us the figure.

Mr CHARLES ABEL – Mr Speaker, I am not privileged to particularly pieces of information. You can pick any element of the Budget and ask me that particular thing. I cant necessarily give you that figure right now because it varies from month to month and I will get you that information and if you want another particular detailed information and I will bring you that next week as well. Those obligations are being met and they are budgeted and these repayments vary from month to month.

Mr Walter Shanubelt – Point of Order! He is the Treasury of the Country. He should know his numbers. He cant give us an excuse that he doesn't know. He carries the country's wallet and how does he state that he doesn't know the figures?

We are asking what was last months total loan repayments?

Mr CHARLES ABEL – Mr Speaker, as I am trying to explain. These figures vary on a month by month basis. I will get you that information and provide it to you either tomorrow or next week. But I cant give you the exact piece of information you are asking for right at this minute. These things vary. I have given you an undertaking already. That question has been answered and any other specifics you want I will also give you that information you want right down to the toea if that is what you desire. But I cant just flip the number out for you right now because you are demanding it!

Mr SPEAKER – Honourable Member, let me inform you that when you are rasing a point of order, the Speaker, will have to acknowledge you before you start making your point of order.

07/03

Mr SPEAKER – The Chair would like to make it clear that when you call for a point of order, the Chair will firstly give you permission before you can do so.. I think the Deputy Prime Minister and the Minister for Treasury has already replied to your questions. He specified to give you in detail all his responses.

Police – Reinstate Mobile Squad 8

Mr MICHAEL DUA – I direct my question to the Minister for Police.

The Police Mobile Squad 8 is based in Chimbu and have performed outstandingly in the province in enforcing law and order but recently they have been stood down. Whoever that individual police man responsible must be charged accordingly rather than the entire squad.

When they stand down the entire squad the safety and security of the people is compromised. We cannot rely on our local police because they serve private companies and individuals and as such their integrity has been compromised. This does not only go for Chimbu but other neighbouring provinces too.

Can the Minister assure the Simbu people that our mobile squad will be reinstated to perform their duties and responsibilities?

Mr JELTA WONG – I did hear that the Police Mobile Squad 8 was suspended and I did have a word with the Police Commissioner and he said to look into this matter, so as soon as a report is available we will reinstate the Mobile Squad 8.

Teachers off the Payroll

Mr JOE SUNGI – My questions are directed to the Minister for Education.

Mr Speaker, about two weeks ago, there was an article in the print media that more than 10 thousand teachers were put off the automatic payroll. This is an ongoing problem that is experienced throughout the country every year.

(1) Is the Minister aware that about 400 teachers in the province are off the payroll?

(2) If yes, will he and his department put in place a system to intercept the automatic cessation of names on the payroll?

Mr NICK KUMAN – I thank the Member for Nuku for his questions. Yes, I am aware that close to about 10 thousand teachers have been put off the payroll. This problem continues to exist because when teachers are late in entering their resumptions beginning of every year, it affects their pay. When this process is delayed, we cannot recommence quickly enough when the school year has already started and the teachers return to school

08/03

The fault is with the teachers, but I would also say that the fault is also with those in the province. The provincial education office and the agencies responsible for the teachers in the

province are incompetent. This is a chronic problem. The onus is on the teachers, when you receive your posting, make sure your resumption is done before the school starts. When they fail to submit their resumption forms there is a delay. In serious cases, the process slows down in the provincial level and when it reaches the national level, we can't just allow teachers to remain on the pay roll unless they are in the classroom. I admit that this is a serious problem with regards to teachers being put off the payroll.

We know that we all have responsibilities in the provinces and these are decentralised functions. The provincial government system in the province must make sure that its officer's work. We don't have an oversight function over those activities in the provinces. It is up to the provincial government to make sure that these things must be done. I have been saying this on the Floor of Parliament repeatedly.

Some provincial governments in the last term of Parliament have been with the department and we have a very good working relationship and we make sure that the teachers get paid for what they do. After the 2017 Election, which was about 10 months ago, many teachers were on the streets simply because they did not receive their posting or because of political influence, such practices must stop.

We need teachers to be in the classroom to make sure that the students are educated. We have well over 85 000 positions and we only have 55 000 teachers in the country. We need at least 70 000 teachers to be in the classroom. Every teacher that is on the street is a disadvantage to our schools in the country. I urge very provincial government that what needs to be done in your provinces must be done and teachers are on the payroll.

Supplementary Question

Number of Teachers re-instated On Payroll

Mr BRYAN KRAMMER – The Member for Nuku raised a question about the number of teachers being put off the pay roll, within public media its about 10 000.

My question is how many out of these 10 000 teachers are you aware of that are back on the payroll?

Mr NICK KUMAN – Thank you, Mr Speaker. This is how it is. Each province would have its own records and the departments in each province would know the detail. As the Minister, I will not give you the exact figure because I am not privy to those information. These are administrative issues and unless they brief me by province and by district then I

can let you know and that includes Madang too. If you are aware of some teachers in Madang who are off the payroll please inform me and I will have them reinstated on the payroll.

Mr PETER NUMU – Thank you, Mr Speaker. My question is directed to the Police Minister and can the Minister for National Planning take note.

Mr Speaker, this is in regard to K7.5 million from the National Planning paid to Conquer Coffee Development Agency in Kainantu. This payment was made in 2012. This arrangement was made with foreign owned company and this company failed to supply equipment and materials to rehabilitate their coffee gardens in Kainantu. For this reason, the land owners have been pursuing this matter with the Police but they have been suppressed. Since 2012, when I was the Governor, they came to see me and I advised them that they had all the constitutional right to know how their money is used.

09/03

They have reported their complaints with the police personnel but they haven't done anything at all.

And so I want to bring to your attention and immediate action as the Minister responsible an investigation carried out by the Station Commander for Kainantu, Peter Yaware with his CID officers on certain issues and in the process they are talking about transferring the station commander out of the province.

To my understanding they have taken a search warrant to the bank but it's taking them two months now to give them the full report. When they checked with the National Planning no files attached to this report.

The landowners have all the necessary documents such as copy of the cheque paid plus other bank details but yet it's been ignored.

Mr Minister can you promise my people of Eastern Highlands to fast track the issue of K7.5 million for coffee which is under investigation. As we all know that the economy of this country do benefit from coffee and Kainantu is no exception to producing coffee.

When a pressing issue is still under investigation and yet they want to transfer the very station commander who is taking lead in this investigation.

(1) Can you assure us that this station commander will remain in Kainantu to complete this investigation?

The other issue is on Barola which many people died at this particular place simply because of road blocks made by locals there. There was a first incident at that place when

NEC has approved certain funds to solve frequent road blocks but then Police Minister, Robert Atiyafa never carried out the work to put the matter to rest.

(2) How much was given to the then Minister for Police, Robert Atiyafa to carry out the work?

Just recently, I had to foot the bill of paying for two coffins for two young boys which lost their lives at Barola road blocks and it's a major issue and it affects all of Highlands Region especially the major highway.

The main reason behind this road blocks which resulting in many deaths is simply because promises made by the then Minister for Police, Robert Atiyafa to assist the youths of this area has not been made and now they resort to violence.

Just last week I paid for two coffins and the other two they wrapped them with plastic bags and buried them.

The other issue is in relation to Eastern Highlands Province being considered under the Northern Command. When we are faced with problems no response or attention is given from the Northern Command.

(3) Minister, can Eastern Highlands Province be considered as Highlands Region and come under the command of Highlands Region rather than under the Northern Command?

Mr JELTA WONG – Mr Speaker, I thank the Governor of Eastern Highlands Province for his questions.

I will answer his first two questions in one answer, the movement of PSC is an operational issue and it comes under the Commissioner and I can't promise the people of Eastern Highlands but I will look into it to make sure there is a fair judgement

10/03

The next question on the Barora incident with my predecessor, we will look into that with the Commissioner and get back to him. Can I ask the Governor to have that in writing and hand it to me after Parliament so that I can look into it?

Mr JOHN SIMON - My question without notice is directed to the Minister for Inter-Government and the Ministers for Police, Defence and Agriculture to take note.

Before I ask my questions, I visited PNG-Indonesia border last weekend and what I'm about to say is about some of the facts I found out about the border.

There is no water supply and electricity for power at the border post at Wutung or not even a public toilet on our side of the border. If one had to use the toilet, water will be collected from the Indonesian side to bring to our side to use at the toilet. Let me just remind us that this is our international border and we are also hosting the APEC in our country in few months' time. Let's not be discriminatory as we know Indonesia is a Muslim country.

My questions to the Minister are, have you visited our border and if you have, what are you doing about the essential services like water and electricity including public toilet as there are lot of people going and coming at the border. The border area has been polluted.

The next question is, there is no surveillance camera or any important equipment for the use at the border. It looks like a remote government patrol-post, closing down its functions there. People just walk in and out. There is nothing really happening there.

If you transit through international airports, you will go through scanning machines and other important checks. Why is this not happening at our border? We are having people from another country transiting through, they can bring in anything and everything.

Are you also aware that our national security is at risk? If not, by crimes and other committable crimes is also at risk in terms of bio-security.

For us in Sepik and some parts of Papua New Guinea depends very much on agriculture for our living and if we don't control our border, all kinds of diseases can cross through and affect our agricultural crops and products. We have problems with cocoa pod disease, the Newcastle disease that started from the other side and into our country and there are more coming into our country because we do not have control over our border.

I spent two hours sitting there and wondering, what will happen if all the vanilla and cocoa at Maprik are affected? The town that I am proud of and I called the growing economy in both East and West Sepik is in Maprik and will be gone because all the agricultural crops will be affected. We do not have control there. We must take some serious actions to control our border. Finally Mr Speaker, we will host the APEC meeting here very soon and in case of security, if we have to control our border, planning happens well in advance. We have not controlled our border, it's wide open. APEC is around the corner and our border is wide open and if somebody wants to plan anything, that will happen and we are basically late.

Mr Speaker, I'm asking in terms of security at the border because of the APEC meeting we are about to host.

My question is also about the trading taking place at the border.

11/03

My other question is in relation to the trading at the border.

Mr Speaker, some people are taking Vanilla across the borders and coming back to the Chinese shops for payments in PNG Kina and they continue to buy.

Can the Minister tell us what his department is doing to control all these issues?

Mr KEVIN ISIFU – Mr Speaker I thank the honourable Minister for Maprik for his important questions.

Mr Speaker, our border between Vanimo and Indonesia is of importance as it bears economic values and a lot of trading and business is ongoing there and I acknowledge the important questions that have been raised regarding border post facilities.

Mr Speaker, in regards to power and water supply and the poor state in Batas or Vanimo in Wutung, I visited the area and I am aware of the state there. There is an ongoing project to upgrade the facilities under the Border Development Authority to give a facelift in Wutung.

Yes, I am aware that many things are lacking especially electricity and water and I think it's the management of the border Authority and the contractor that did not complete this project. I will give an undertaking to look into it personally to make sure that I respond to this question thoroughly.

Mr Speaker, in regards to surveillance and national security let me inform the Parliament that when I attended the Joint Border Committee Meeting on the 16 April two countries have an understanding to open up business especially on the air routes and the shipping routes which I will be making a statement to Parliament very shortly.

Let me assure the honourable Member for Maprik that we are in serious discussions to make sure the facilities are upgraded on both ends. Both Governments are in deep talks and we will be addressing some of the issues raised by the good Member.

12/03

**STATUS OF THE MINING INDUSTRY –
MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr JOHNSON TUKE (Kainantu – Minister for Mining) – Mr Speaker, allow me to thank you for this opportunity to present this statement today to give an account of the mining ministry which I am proud to say has been the backbone for the economy of this country since independence.

Mr Speaker, the mining sector is currently one of the two largest export revenue earner for PNG, LNG being the other. In 2016, mining alone contributed about 38 per cent of the country's export revenue, while LNG contributed 36 per cent. It will continue to be a significant contributor to Papua New Guinea's economy.

Mr Speaker, as we all know, the resource industry in PNG had experienced an unprecedented period of activity and growth until 2012, but was then hard hit by three years of low mineral commodity prices and temporary key mine closures. This contributed to the current decline in the country's economy and lack of foreign exchange.

Mr Speaker, however, I am pleased to announce that the mineral commodity situation reversed from 2016 with 2017 revenue and production at record levels. In 2017, mineral revenue reached K11.537 billion which includes the second highest reported alluvial revenue of K366.8 million. This represents a 62 per cent revenue increase from the 2015 low, and a 19 per cent increase over 2016. Analysts expect our key minerals of gold, copper, nickel, cobalt and chromium to be in demand going forward as the majority of these are base components for the sudden world growth in the electric vehicle and battery industries.

Mr Speaker, accordingly, PNG anticipates being well placed to service this demand in 2018 and beyond if current production levels are maintained by our major mines. In addition, significant new nickel and cobalt resources already exist in Northern Province and the Krumbukari mine and refinery are now operating at name plate capacity, with chromite exports having commenced in late 2017.

Furthermore, the Kainantu mine is expected to bring on more copper production over coming years and other minerals such as bauxite, limestone, coal, iron sands, molybdenum and manganese are likely to expand our commodity base. This will move PNG away from its

historic dependence on gold, which still accounts for over 65 per cent of total mineral revenue.

Mr Speaker, given this momentum and positivity it is essential that PNG positions itself strategically and beneficially to take advantage of, and not squander, these mineral opportunities. Positive outcomes will only be achieved by ensuring that any legislative reforms impacting the mining sector do not detract from our ability to be competitive within the world market and have the necessary fiscal and regulatory settings to attract the levels of investment needed. Achieving the balance between the expectations of our people, good governance of our mineral wealth and the requirements for attracting reliable international investment over a long term planning horizon are the keys to our future sustainability in the fiscal mineral sector.

13/03

My legislative agenda for 2018 therefore recognises that this new Government must undertake the mining act review highlighted in the 100 day plan before that new legislation is presented to this House later this year. It also acknowledges the issues raised by this house when the Mineral Resources Authority Bill 2017 was presented in late 2017, but referred back to committee for revision.

Mr Speaker, my ministry is also preparing for a busy agenda for APEC 2018. The mining sector role within APEC is through its engagement with the mining task force and various projects addressing key mining issues which are funded by it. These include the Canadian economy's mine closure checklist project where PNG has been nominated as the pilot project economy and the US economy mercury use project.

Mr Speaker, the continued increases in overall mineral production, ore exports and revenue previously mentioned are supported by direct employment in the mineral sector also increasing, moving from 15,000 employees in 2016 to 17,057 to date, is of significance. These figures indicate PNG workers represent 86 per cent of that total, and women working in the industry have increased to 13 per cent.

Mr Speaker, the individual mines that are contributing to this outcome are again led by Lihir, Ok Tedi and Porgera. It is of note that Ok Tedi is wholly owned by the state, in combination with provincial government and landowner interests, and increased its revenue in 2017 by a remarkable 52 per cent to K3.179 billion. It should not be forgotten that this was a mine that was intended to be closed in 2009, but new management and direction has achieved a significant turnaround for PNG.

Mr Speaker, Lihir remains the third largest gold mine in the world by reserves at 58 million ounces of gold and having exceeded 918,000 ounce production last year, it is now a top five global producer. Production at Lihir has steadily increased in recent years and we anticipate it may exceed K4 billion in revenue this calendar year should gold prices remain elevated.

Mr Speaker, the Ramu Nickel, cobalt and chromite mine and refinery is now achieving name plate capacity and also had a significant revenue increase in 2017, to K1.276 billion, an increase of 50per cent over 2016. Porgera also increased revenue to K2.157 billion in 2017 and Simberi achieved another significant revenue increase to K522 million.

Mr Speaker, forecast commodity price increases for most key PNG minerals, with cobalt up over 100per cent in the past 12 months, should underpin revenue increases across all performing mines assuming production levels are maintained.

Mr Speaker, mine royalties increased proportionately with revenue and K182.49 million was paid out during 2017 to all recipients agreed in memoranda of agreements for each relevant mine.

Mr Speaker, allow me to now give you a feel for the exploration sector by updating members on the Governments immediate focus on Wafi-Golpu and the Frieda copper projects.

Mr Speaker, firstly Wafi, this US\$4 billion underground mining project is anticipated to be one of the largest mines in PNG and would provide significant economic benefit. The project's mineral resources deposit has potential to be mined beyond the initial 27 years mine life currently under application.

Mr Speaker, on the assumption that Wafi will submit amendments to its original proposals and tenements within this quarter it is anticipated that the technical and financial assessments will be completed within a reasonable time frame before the end of 2018.

Mr Speaker, it is further anticipated that CEPA may have granted an environment permit by Q1 2019, and that the state's equity participation will be settled and the mining development contract negotiated by the state negotiation team within the same timeframe. This will enable mining advisory council final recommendations to government to be provided.

14/03

Mr Speaker, on this basis approval of the SML may be recommended to NEC within q2 2019. With a proposed development and construction period commencing at that time over 5-6 years, the mine would be expected to be in production by 2024/2025.

Mr Speaker, the Frieda project similarly is in the process of updating its proposal for development and is expected to submit any updated feasibility by q2 2019. Like Wafi, production would be around the same time of 2024/2025.

Mr Speaker, I call on the developers of both the Wafi and Frieda projects to honour their timelines of delivering their respective updated studies in 2018/2019 to enable the government regulatory agencies to review their proposals for development in order to provide timely approvals.

Mr Speaker, let me assure both project proponents that Wafi and Frieda are priority projects for the government and we stand ready to develop these next generation mines going forward.

Mr Speaker, to assist with these projects I have given specific directives to the state negotiation team to coordinate the regulatory processes for the environment permit with the conservation and environment protection authority and for the special mining lease applications with the mineral resources authority within an approved timeframe which is clear and agreed to by all parties.

Mr Speaker, I have received positive feedback that things are looking positive and both project developers are committed to this coordinated approach.

Mr Speaker, other initiatives within the sector include consideration of digital' solutions and cooperation across mutual cadastral based sectors within PNG, exploring further the roll-out of a shared electronic management platform ensuring utilisation of modern technology to achieve key data sharing, information reporting and regulatory cross-checking. This is based on the game changing flexi cadastre system which was introduced at MRA in 2014 to underpin its tenement management system.

Mr Speaker, the government continues its efforts in promoting the diversification of the PNG mineral base through exploration and geological surveys. It is encouraging to note a small manganese discovery near Port Moresby, which complements coal, molybdenum, iron sands, bauxite, limestone and other exploration initiatives currently underway. Exploration spending has suffered hardest from the 2012-2015 commodity downturn and was at its worst last year with a

total spend of only k322 million. As commodity prices have turned we now expect exploration to lift as mineral demand increases and supply diminishes.

Mr Speaker, whilst there is much to be achieved within the sector, it is reassuring that mining is the bright star which continues to underpin the nation's economy as it has done historically since independence.

Mr Speaker, from these positives the O'Neill-Abel Government will be able to move forward with a progressive implementation of the Alotau Accord II initiatives.

Mr Speaker, a 10 year outlook for the PNG mining sector therefore looks like this:

• For introduction and implementation of the amended mining policies and legislation following review –

- Woodlark mine into production
- Simberi and Porgera mines seeking extension, with the former moving to a sulphide based mining operation,
- Wafi, Frieda and Yandera permitted and fully operational together with potential new nickel and cobalt mines,
- Deep-sea mining commissioned and fully operational
- Diversification of the mineral base with the addition of molybdenum, manganese, chromite, iron sands, limestone and bauxite.

Mr Speaker, in conclusion, I wish to give comfort to the members of the parliament and to the industry and potential investors that the policy and legislative changes by the O'Neill-Abel Government are intended to establish a good foundation for growth and prosperity for Papua New Guinea in the years to come.

Mr Speaker, we all have responsibilities ultimately to the people who are affected by our decisions and our actions. The consequences of our actions are the basis for the challenges we face. Challenges makes us better. Hence we have to set new horizons to face new challenges to improve the way we do business in mining in our country.

15/03

Mr Assistant Speaker, these new horizons will be introduced by the O'Neill-Abel Government before the end of this year through the revised Mining Act and the Policy Development under my Ministry.

Mr Assistant Speaker, however, we address terse issues and deal with the varying interest involved in a project would determine the level and significance of the challenge we

place upon ourselves and in the long run, it will also determine the sustainability of the Mining Sector in PNG.

Thank you Mr Assistant Speaker and I thank you all for your attention.

Mr MICHAEL NALI – I ask Parliament to take note of the Ministerial statement by the Minister for Mining and wish to make comments. I wish to make it clear that I am one of the product of someone who has good education and experience in working with a big mining company which is OK Tedi Mining. I joined OK Tedi Mining in 1982 until 1989.

Mr Assistant Speaker, now that I was the Minister for Works and Implementation, I had the opportunity to travel around in our country while inspecting our road systems.

Mr Assistant Speaker, in my view, I think we still have a lot of resources out there. When our country was very young till gaining independence in 1975, we had only one mine which is Bougainville Copper Mine. And through Bougainville Copper Mine our Government has collected some revenue which I think our Budget that time was around 2-3 billion kina. Today we have acceded K10 billion. The sad story is, when we see Bougainville going through those painful crises and with the open cut mine we have seen for many years that nothing has grown on it.

Mr Assistant Speaker, with the country and the Government's approval, the mining companies expect bigger resources. But those resources will never go back again like the mushrooms regrowing. It is our memory that at one time we had a big mining company.

Mr Assistant Speaker, today we have a lot mines. OK Tedi is one of those successful story, of-course there are issues like water, dam and lives of people depending on water everyday has been affected which our Members from Western province always raise on the Floor of Parliament. I recalled Perry Zeipi as Minister for Environment at one stage.

Mr Assistant Speaker, those mining companies have also did many good things. They gave us revenue for the country to operate with but it comes back to us the leaders of this country on what we did with these monies. Whether we have put them at the right place to grow our country or have we just spent them unnecessarily.

Mr Assistant Speaker, its 2018 as we speak and even children can pick up their biros to calculate by minusing 2018 with 1982 when the Ok Tedi mining begun, how many years have we extracted gold, copper and silver and where exactly most of these monies have gone to?

I want to commend and give credit to the governments who have done some very good decisions.

Mr Assistant Speaker, when Ok Tedi announced that the mining life span will be up, our Government, headed by our Prime Minister made a decisions to say that we will not close the mine but take ownership of it and operate it.

16/03

Mr Assistant Speaker, I don't want to pre-empt anything it is the prerogative of the Prime Minister to inform the country, but I personally think that Ok Tedi has proven that it is one of the biggest mines where our country has taken back that mine and we are running it and just last year we declared a huge profit and things a looking brighter we it is projected that it is poised to double or triple the profit in the near future.

Mr Assistant Speaker, this is a tale of a successful story only the people with guts and leaders who are ready to make tough decisions whether it fails to their own face and the Government of the day bears the brunt. Yet let me thank the Government and the Prime Minister because of a very good decisions we are seeing very good results.

Mr Assistant Speaker, let me also take this opportunity to address my fellow colleague Members from Western Province.

Mr Assistant Speaker they will agree with me that the Government under the Prime Minister Peter O'Neill has done a good decision for the first time that free shares have been given to the landowners in the province. The fact that people of Western Province have been recognised and have been given a big portion of the percentage of shares, we must show gratitude towards the Government.

Mr Assistant Speaker, let me share something about Lihir which is in the middle of the Island and the New Ireland Provincial Government under my guiding political father Sir Julius Chan is doing very good developments under the tax credit scheme and development levies allocated to the province.

Mr Assistant Speaker, likewise in Porgera whatever is happening up there only the Enga Provincial Government and the National Government can really tell us the good things happening up there.

Mr Assistant Speaker, my only concern is that when we venture into the bigger agreements we forget the little affects and the negative side which the country will be facing.

One classic example is through the Highlands Highway you imagine the amount of cargo that travels up to Porgera, Nogoli Heights, Tari Komo and so on.

Mr Assistant Speaker, it is a fact that we collect tax from these mining companies and petroleum companies and aslo their tax credit benefits coming along with it. We can do better

and do more for our people because as Minister for Works I must make sure that those major highways must be kept in good condition.

As I speak we have sealed the road from Mt Hagen to Porgera. Yes the tax benefits have contributed in this road project but the Government has spent a little bit more than what we are receiving from the mining companies to make sure that these major highways and Ports are kept in good condition.

Mr Assistant Speaker, when we venture into development agreements with mining and petroleum developers it is good to sit down and put our foot down and get as much as we can from these agreements and I think our laws have provisions that allow for such cases.

It is sad that on many occasions we allow developers to dictate to us that we are not good enough.

17/03

A classic example is when we wanted to develop this gas project, I was the facilitator of PDL1 and it was going to supply almost 70 per cent of the total gas supplies.

Mr Assistant Speaker, I chose PDL1 because I know this was a very controversial area because of the amount of money that was given to the so-called landowners who are not real landowners. Our village people knowing very well that they were not that educated went around and brought in relatives to help make better deals for themselves and by doing so they bypassed the older people who were the real landowners. I was a very close friend to the people of Tari so under the National Alliance Government, I got to facilitate the PDL1 agreement which we signed at about 3.00am in the morning.

Mr Assistant Speaker, when you look into the gas extraction or gas development agreement you will realise that they are so many faults in those agreements. There are going to be reviews for all this project areas so when we do it we must do them properly. We must make sure that everything is done properly. For example, Ok Tedi is a classic example of what we are capable of doing. We do not need to be rocket scientist to make sure that things are done properly. We have enough educated Papua New Guineans to do carryout these tasks for us. We are becoming trainers for people in other countries. We have very qualified people working all over the world.

Mr Assistant Speaker, now that we have this free education policy that was established by the O'Neill-Dion Government. This is was a policy that the then Government knew that it was going to cost the tax-payers of this country so much. It must be almost K800 million to

about K1 billion and further to that we have the subsidised medical care. We will always have problems with our policies but it is the only way for us to learn and help develop ourselves. There is nothing perfect in this world, we all have to learn from our mistakes.

With this Free Education Policy, we are going to have a lot of Papua New Guineans that are going to be highly educated. We also have to take into consideration the employment aspect of these young Papua New Guineans. They will need jobs when they finish from schools. For many of us sitting here, when we were in school we knew that we were guaranteed a job in the future but what about our kids today?

Mr Assistant Speaker, many of you sitting here are smarter than me. You went to bigger schools than I did. I am a simple boiler maker. There was a time when I saw the Minister for Finance sitting with two lawyers having coffee at the Ela Beach hotel and when I approached them he asked me what a tape measure was doing by my waist side. I said to him, you know you are lucky you went to a bigger school and you two friends are lawyers but this here is my knowledge.

Mr Assistant Speaker, there is nothing wrong with our children becoming boiler makers, doctors, plumbers or any profession. Some of them were born to be up there whilst some were born to be in the middle and elsewhere but we all have a purpose in life. I was created for a purpose and a reason. Therefore no matter what kind of a profession I have, I must embrace it with pride and carry it out honestly and truthfully with dignity.

18/03

Going back to the health policy, Mr Assistant Speaker, in the past, life expectancy was at 60 years old, but today it is at 55 years old.

Mr Assistant Speaker, with adequate medical supplies, well trained doctors and better equipment and high standard machinery to detect the illness affecting the patients, you will find that our life expectancy will increase.

We have a group of well-educated Papua New Guineans coming up, and life expectancy is expected to increase, but with all that knowledge, we will need jobs.

Mr Assistant Speaker, I think that with all these good policies, the onus is on each Member of Parliament. It is a challenge between the Members of Parliament to utilise the DSIP money and the PSIP. You will get your funds as in the past, unlike me, I just returned to Parliament after 10 years. We need to think properly and utilise these resources properly.

Mr Assistant Speaker, I want to tell these Members of the Opposition, that they do not know the unfairness that comes with being in the Opposition. During our time, if you were in

the Opposition you would hardly receive funds - zero funds. You won't get K10 million and when the election comes, you will receive '6-4', as they call it. But, now, you have a great government.

Mr Bryan Krammer – Point of Order! Mr Assistant Speaker, this is the Parliament House, the statement used by the Member for Mendi is inappropriate so can the Chair ask him to withdraw it.

Mr ASSISTANT SPEAKER – Mr Minister, you can continue, but I ask that you withdraw your statement.

Mr MICHAEL NALI – Mr Assistant Speaker, I heard you say something similar. I have not cursed anybody that I should withdraw my statement.

Mr Assistant Speaker, I speak about the goodness of the Government. I have been in Parliament for more than 15 years and this term will add to 20 years. I tell you, the best time of my political career was when Sir Julius Chan was the Prime Minister. And this is the second time where I am enjoying my career, when I am in this Government with the Prime Minister.

(Opposition Members interjecting)

Mr MICHAEL NALI – Listen! Listen! A very fair Prime Minister, a fair Government. My colleagues, come on! We should all agree that this statement is true, that we have received fair treatment.

Coming back to the mining issue, when we receive money from mining and petroleum, we must invest these monies wisely for further growth in the future. In the past when we were in school, we were guaranteed a job. But today, there is no guarantee for a job. Only a few will get employed. But if we utilise these K10 million in a proper way and if the economy of our country improves, we will receive more for our districts. There were times in these Parliament when we had surplus cash and we were looking for ways to store these cash.

Mr Assistant Speaker, in 1975 when Papua New Guinea gained Independence, which Highway was built? Which airport was built? What have we built? We have literally built nothing but in the last five years, I have seen rapid changes. It must be money from the mines, the petroleum the forest, the fisheries, or from the Papua New Guineans taxpayers.

Mr Assistant Speaker, what matters most is the industries we have. We have mining, petroleum, forestry and fisheries. But when we acquire funds from these industries, we must invest it back to grow our economy and we must save these funds for the future generation.

19/03

Mr Assistant Speaker, I have a crazy thought that I want to share with you all and that is that I have lived in the city of Port Moresby for a very long time and have realised that I have so many kids. As for some of you don't have kids or not many kids, well that's fine and it's good for you too.

But as for me I have so many kids and all my children were and born and raised here. And not many times I take them back home and from what I have observed from these kids is that how best I force them to visit the village they then reply by saying ok daddy we will go but how soon will we go back to Port Moresby.

So I hope it's not just me I know many of us will face this situation. Many of our kids will find it very hard to adopt to the village life style.

Mr Assistant Speaker, our country has three per cent vacant land and 97 per cent of the land is under the care individual landowners. So you will realised one day that this three per cent will be full and we as government and elected leaders has a lot on hand right now to carry out. So we get the money from mining and petroleum and we are on government side headed by our Prime Minister, and other time new government will take over. But we must not lose focus of tomorrow it must always be recorded in each of our mind.

Mr Assistant Speaker, I will conclude shortly and when I go shopping in super markets I have realised that many of these food are finished because everybody are rushing for food and even supermarkets run out of vegetables. That means that we are not encouraging our people to go back to farming or even they don't want to grow vegetables to supply or no means of transport to bring in vegetables to our local markets.

Mr Assistant Speaker, here we talk about issues of mining and petroleum or extracting of non-renewable resources, I think we need to spend more time on food security.

Most times much has been said about trukai because the industry has convinced the consumers by saying that trukai contains one of the best nutrient and its only found in trukai only and not in other rice.

So we have been stopped over the years to say that we can't grow rice but the Filipinos are saying that you can grow rice. And they want to assist us grow rice and if the rice cannot be bought here in PNG or elsewhere then they are prepared to take it back.

Mr Walter Schnaubelt – Mr Assistant Speaker, Point of Order! Are we talking about mining or agriculture? What are we talking about I thought he is talking about extraction and he is talking about rice. So please some of us also want to debate.

Mr ASSISTANT SPEAKER – His time is about to finish now so allow him to complete what he is saying.

Mr MICHAEL NALI (Mendi – Minister for Works and Implementation) - Mr Assistant Speaker, some of us only want to extract only and don't know how to use the money on.

If you want to extract, extract, extract from Lihir. Member for Namatanai, Lihir is on our land and mining policy and law is not new to me and I am telling you. They are not new but what is more important about the mining money that you are talking about is what you do about this money. So you answer that question for me.

Mr Assistant Speaker, I want the Member for Namatai to tell me which party does he belong to.

Your party was in power for so many years but I have not seen any road at all. Not even one airport was built. You sit down too.

20/03

Mr Joe Sungi- Point of Order! Mr Assistant Speaker, It is unbecoming of senior Ministers and Members of Parliament to point fingers at individual parties and persons, it's good to correct and say you are going to do this and that, rather than defaming, downgrading and suppressing, calling parties and individuals.

It's unparliamentarily for us to display to our people and Papua New Guinea to see that we are behaving as students, thank you Mr Speaker.

Mr MICHAEL NALI- I am talking as a leader here about extracting the resources but where do we put the money generated from the resources? That is my point.

Mr Speaker, as leaders here today, we are talking about Wafi and Freda mine so we need to develop these resources. When I was travelling to visit our roads in the country, I can see that we still have many resources there. Resources are still there and my main point over this very important statement is, after extracting those resources, lets us not go crazy and

started spending money unnecessarily. Let's put these monies back into industries that will grow our lifetime gold mine. It is not impossible.

What is gold mine? Gold mine in oil palm, copra, cocoa, rice production, coffee, gold mine to educate our people and providing better health services to our people.

Mr Speaker, to conclude, yes the Minister have brought to us a very good statement but out of all the resources that we extract and rather than living some big potholes behind for our memories, it is important that we get these monies and put something back for the future.

SPEAKER- the Chair has to recognise everyone by giving them the opportunity to make their statement so I now recognise the Member for Namatanai to make his statement.

Mr WALTER SCHNAUBELT- Thank you, Mr Speaker, I stand here to make a short statement on the Ministerial statement made by the Minister for Mining. Some of the comments made are good but some are not so good at all. Some of the genuine issues were raised by the Member for Mendi and Minister for Works has addressed, he's got some very genuine issues with what he was saying.

I want to talk about my side because I have Lihir Mining at my door step and I think it is important that we understand the issues at Lihir and Newcrest Mine.

Newcrest mine has spent over K2 billion in trying to increase its production and they are working now with the capacity in achieving 1 000 000 ounce per year. As the Minister has alluded to, they are now at 918 000 ounce.

I would like to say here is that, Newcrest mine has done a fabulous job in New Ireland.

21/03

They have spent over K500 million on developments we see in New Ireland Province.

Yes maybe we haven't received taxes yet from them but you know when you have capital injection of about K2 billion you have got get your money back first before you start declaring other taxes again.

I am very pleased with New Crest Mines because even though at this point they not paying any taxes or they not yet obliged yet to pay taxes or have not made any profit as yet, they are already spending in advance taxes worth K22 million per year under the Tax Credit Scheme. They are paying tax in advance. Anticipating that when they do pay tax they will then deduct for the years onwards. I thank New Crest for that initiative.

Many of these taxes are going into much needed development in New Ireland and I want to share my thoughts in this Parliament that we don't mislead the people like the Buluminski Highway was built with both AUSAID and Tax Credit Scheme money.

We hear also that since 2007 to 2017 New Crest Mines has paid K168 million into the Provincial Treasury. Also Namatanai and Kavieng Districts have a share of K70 million.

The Ministers opportunity to intervene and help the two districts to get their share of royalty money has gone. He continued to support the Provincial Government to hold onto the funds. I believe the honourable Bulolo Member will be well versed with these issues. He fought for the same thing to be recognised for his own district. Its sad that under the Lihir MOA the districts have not yet received their share of royalty payments. K168 million has been held by the provincial treasury and the governor and we see two districts who have not got those funds.

Mr Speaker, when you come to Namatanai District yes you will the Government House and I thank the honourable Governor for building that but where is the rest of the development that should be happening.

Mr Michael Nali – Still on its way.

Mr WALTER SHNAUBELT – If those developments are to come honourable Minister for Works. Tell me when and how soon are they to arrive?

You also said that you were their under Prime Ministers Sir –

Mr James Marape – Point of Order! Mr Speaker, my apologies for disturbing the good Member from speaking but the manner and the posture which he stood are against the Standing Orders as far as the Standing Orders are concerned the point of contact should always be to you. I also notice the Member for Mendi doing the same likewise. Mr Speaker, can you bring some decorum in the House that the point of contact should always be addressed to you and not the Members or Ministers.

Mr SPEAKER – Minister your point of order is in order. I advise all the Members and Ministers that you should always address the Chair when you are speaking on the Floor. I caution Members to stand next to their Chairs and not to move to the side because they are excited.

(Laughter in the Chamber)

Mr WALTER SHNAUBELT – Mr Speaker, we all here in the Chamber have our own different kinds of style –

(Laughter in the Chamber)

Mr WALTER SHNAUBELT – My style is to stand on the side and start talking. But Mr Speaker, if you want me to stand inside my box I will do that.

As I was saying that it is important that Ministers understand the ground situation before they start commenting on issues.

22/03

It is important that Ministers understand the ground situation in our districts before making their comments. I think the Minister for Works and the Member for Mendi is not privy to many of the situations in Namatanai but yet he is making reference to Namatanai and I think that is rude and disrespectful to my people. This is why I stood up to object his debate.

I would like to share that New Ireland province is one of the luckiest province in the country and thank you to New Crest Mine. With that mine we wouldn't have the economy benefits that they are giving to us in royalty payments and in other community developments.

I stand here today to declare on the Floor of Parliament that I will do whatever I can to support the mine to make sure that the communities within the Namanatanai District in New Ireland province benefits from whatever the company must give to the people and the province. Whether it will be agriculture or any other projects, I am here to support New Crest Mine to make sure these benefits do get to the people.

Another issue is that the K500 million in royalty and community development funding by New Crest Limited is not a small amount put forward. I tried to get the Minister for Mining to help me get the share for Namatanai District and Kavieng District for the benefit of the people. In his paragraph of page 7, he said he wanted to see the people benefit but how will the people benefit when the authority does not support the people to get their rightful money. I do not understand this situation. I am willing to sit down with the Minister for Mining and see how best we can resolve this issue. I am not here to spoil him so if we say that we going support our people then please can we do that. Let us not just lip it. Let's action

it by signing the relevant papers to support our intentions. As it is, I am in desperate need of funding that I need to push the district but I can't.

Mr Assistant Speaker, some of the funding that have gone to the provincial government in the past 10 years that I have spoken about which was about K168 million, we were told by the Governor that it has been spent in Namantanai but sorry I don't see it in Namatanai.

I would like to share with the Parliament about one particular project that he spent money on is that he has got a policy called "roof over head". He is paying for corrugated iron from Lihir royalty money but the problem is he sells it on the ground to whoever wants it for K180 per sheet. Why are we selling it when we are using people's money to purchase it? I am totally and absolutely confused. And that is why I ran to the Mining Minister to help me. This is not fair because we cannot use the money to purchase projects and then we go and charge the people for the project if they want it. This is not good. This is what is happening in the district and like I said, we sign a lot of papers to help our people but we do not know what the situation on the ground is like.

From the K168 million where we received from the New Crest Mine the balance right now is K27 million in the bank account. We do not know where K140 million went to. I can tell you that Namatanai District has not received anything.

Therefore, Mr Minister you are the only person that I can come to seek help and assistance. If you do not want to help me than you are going to leave me in a predicament that I am going to continue starving my people in the much services that they need through this royalty money.

I am working some options now with New Crest Mine and I support the debate by Minister for Works and Member for Mendi in supporting agriculture.

23/03

.. inroads now with Newcrest Mine. Minister for Works and Member for Mendi, I support your statement in terms of agriculture and on the quality of vegetables you have seen at the super market. My engagement now with Newcrest mine, is opening up the door for Newcrest Mine to buy vegetables from my people. They are happy.

When I spoke with Newcrest Mine, I told them, you have 9000 plates to serve a day, that's a lot of meat and vegetable you have to serve, where are you buying them from? If I organise my people well and bring them in truck loads, are you willing to stand there and buy it off them? I am happy to report right now that Newcrest will consider that opportunity.

Come to my district and we will find a way to make that work. Fix the pathway, let's empower the family. Let them have their own income to determine what sort of living standard they want to have in the future. Let's not try and deprive them over here by playing politics.

That is an important message I would like to get across to everybody here. Where will all these politicians take us? We are here to serve and to voice our people's concerns and their rights. So when I come asking for help in terms of royalty payments, but you reject my requests and continue ignoring it that is not helping. You are not helping and yet the statement here contradicts your actions saying, you're willing to help.

Minister, please we need to sit together and revisit, I know it is challenging for you because your party leader is the Governor whom I am making reference to, since we want to talk about political parties.

To answer the question raised by the Member for Mendi, yes, I am a Member of National Alliance Party and I am very proud of it too because we brought in the LNG project which you are now enjoying the privileges. So please let us not point finger at each other. I also thank the Prime Minister, he was also part of the team that brought the LNG in, but we must not point fingers because the three other fingers are pointing back at you.

I support the Member for Mendi in saying that we need to be more strategic in terms of funds that are generated from mining extraction operations. We need to start looking back to our people to try and establish something that is more sustainable for them in the future. At the moment most of the monies generated from mining royalties, mining taxes and funding are not spent back to generate sustainability within our people. Yes, I do support it, the government side have the opportunity there to do something about it.

I am also cautious of the review or revised Mining Act, I fear that it could scare a lot of investors. I just want to share with the Mining Minister that if there is any opportunity, can I just have some input because I have the third largest mining operation in my district. If that qualifies me to contribute please let me know. Again, just let me know if you don't want my input because your boss has instructed you not to allow me.

(Members interjecting)

Mr WALTER SCHNAUBELT – Yes, our Governor, my uncle

(Members laughter)

Mr WALTER SCHNAUBELT –. On one hand, let me say, thank you for the statement, I do appreciate it but I thought , we could all appreciate Newcrest Mine is doing a fabulous job in the district. They can do better but it is about the leader engaging with the mine that would get those things moving forward. Many of us sit over here expecting mining companies to flip over backwards for us. They don't do that, you need to engage, you need to get in there and you need to ask for things. You need to get things happening and that is what I am doing right now and I hope, I have the support of the mining Minister and however the New Crest mine intends to support us outside of the royalty payments, please support us because it is much needed support that the 80,000 people of Namatanai district will benefit from it.

I don't know about other mining operations in the country but in summary, over K2 billion was the capital investment by Newcrest mine to upgrade the production to one million ounce. They are not paying taxes now, they will get back the return on their investment first before they pay tax. But they know that they are going to pay tax in the future but they are spending it now through the tax credit scheme K22 million kina in advance per year. This is another issue.....

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24/03

they know that they are going to pay tax in the future but they are spending it through tax credit scheme of K22 million in advance per year. That's another issue brought to this auditorium for us to discuss about tax credit scheme.

In relation to the Newcrest Mine, its doing a fantastic job in the Province and I fully and will continue to support them. They have already spent over K500 million in royalties to the communities and that's huge money.

Unfortunately, some of us are not spending it properly. The previous Minister for Mining, Member for Namatanai and previous leaders have misused a lot of money. To this date there is a big question mark which I am trying to intervene to put in place correct measures. But, I need support to do that.

A total of K168 million has been paid by Newcrest to the Provincial Government, which Namatanai is yet to receive its share of K70 million. Therefore, I am appealing to the Minister for Mining for your help. Can we have our share of the money please which will assist me to move the district and too rescue the Prime Minister a bit on his distribution of DSIP.

I am willing to make sure that the royalty money for my electorate is spent on sustainable income. But there must be trust and I will show you what I can do.

Thankyou Mr Speaker on this report.

Mr PETER IPATAS (Governor – Enga) – Mr Speaker, I also want to contribute on Minister for Mining’s statement.

Firstly I commend the Minister for bring this statement before Parliament. Secondly, I commend the Minister for providing leadership in this Department. We know that this country has benefited a lot on mining industry. This Ministry and Department is very important and it needs good leadership in this department so that we can continue as a nation to benefit from all the mining activities around the country.

As the Governor for Enga, in my province we have Pogera mine.

Mr Sam Akoitai – Point of Order! Mr Speaker its not right for Minister to walk out of the Chamber when his statement is being debated on.

Mr SPEAKER – Minister is going to the toilet and will return.

Mr PETER IPATAS – Mr Speaker, my province has contributed a lot to this country through Pogera Mine. The Pogera Mine started its operation in 1989 up until now. Starting next year there will be a review on the mining agreement that was put in place.

Since my 22 years as the Governor for Enga, I can say that as a nation we benefited a lot in terms of revenue and the presence of the mining companies.

When they came they didn’t concentrate only on gold but they brought with them their expertise which some of the technical system my province benefited from.

But since Independence we saw that mining has contributed a lot. As the Minister for Works and Implementation has mentioned that now we have opportunity to screen all the jobs inside the mining sector to see if our country is benefiting to the maximum or minimum. This is a very big task which is under the control of the Minister and the Department. They need to properly provide some advice on this. Why because there is fear about future investment but we must not be too scared on. Where there is oil and gas there is not much environmental damages but as for mining it does damage to the environment a lot.

And also some of its activities it carries

25/03

Mining mars the environment more and due to the activities associated with mining it attracts a lot of people to mining townships. Such social impacts in mining areas are huge and needs the Minister and Department to carefully screen these activities. Let us not look at the income generating side only but let us also look at the social and environmental impacts also.

A Proper leadership must be provided by the Minister and whilst I commend the efforts of the Minister I must say that he must seriously assess the impacts of previous mines and look new ways of improving these.

Mr Speaker, as I said the review of the Porgera Mine Agreement is due next year, the people have a lot of expectations.

At this point in time it would be remiss of me not to commend the Prime Minister also. All the Members who come are have ambitions to be Prime Minister but the job is an especially hard work and because you are the leader of leaders it is difficult to try and provide leadership where all the Members and the country would be happy.

One of the achievements of the Prime Minister which I commend him for is his recognition of the people and province of Western Province. Western Province is an isolated province.

I am of the view that after so many years of Ok Tedi Mine's contribution to the nation, we really don't know how the people are living in Western Province.

Now with the intervention of the Prime Minister, I will not dwell on the good and the bad of it but now the Prime Minister has taken leadership and intervened. I am of the view that the people of Western Province and the Western Provincial Government are happy with the intervention of the Prime Minister to make sure that they have more shares in the mine. This will help the provincial government and the people of Western Province to embark on ways to further help their people. Where Waigani is not able to go and see the Western Provincial Government and the Open Members can sit down and look at this. I stand to be corrected but I think the shareholding of Western Province has gone up to 33 per cent.

It is good the Prime Minister has done this but next year is Porgera's turn and we are going to talk on it. So the expectations of the people of Enga is, are we going to get the same or more than that? We have huge plans for this.

Mr SPEAKER – Honourable Governor of Enga, the Chair will disrupt you a little to announce that the Minister will leave the Chamber in a little while to catch a plane to go and do the same kind of work he is doing here.

The Vice Minister for Mining and the Prime Minister are here and whoever the Minister has delegated the task of taking notes to will take notes but the debate will continue. The Chair wishes to inform the House that the Minister will leave shortly to catch a flight but the debate will continue.

Mr PETER IPATAS – Thank you, once again, Mr Speaker. We in Enga, the expectations of the people and the Provincial Government have welcomed this intervention. Many attempts by the industry to dissuade the Prime Minister from coming up with these ideas were mooted. But it takes a leader to make such interventions, an intervention that is good for the country and, especially the people who own the resource.

So, next year when the Porgera Mining Agreement is due for review expectations of the people of Enga and their provincial government is that we will look at negotiating for 33 per cent or more because when Placer to build the mine it spent US\$1 billion. That money was made in four years. They have recouped it. So they are saying that Porgera Mine is one of the best mines in the world.

But the damage and development on the ground, whether it is good is something that the Ministry of Mines –

26/03

They said Porgera Mine is one of the best Mines in the world. But considering the damages and development to surrounding villages is a matter for the Ministry for Mining and the Government to look into.

Mr Speaker, we the people of Enga and Porgera Mine support the intervention in Western Province and we also share the same sentiments to gain more shares in the mines. Because companies have already made their fair share of profits.

Mr Speaker, now we have to focus on the issue of lifestyle after the mine closes. At the end of the day you will understand that resources are found in isolated areas which is a natural intervention. They are not found in the highways and by-ways but you find these resources in bushes in our remotest places. So I think that is Gods intervention to our isolated people so when these big companies come we have to have these ordinary people in our hearts to make good decisions on their behalf.

When developer and big companies come the environment and the atmosphere changes and I believe the Peter O’Neill led Government has done the right thing. I

congratulate the Prime Minister and also edge the Members to give credit where it is due and I also suggest that we should continue to intervene in this manner on all the resource places.

Mr Speaker, let me also take this opportunity to share my thoughts on Mt Kare Mines which has been a very controversial mine.

Mr Speaker this mine needs the leadership of the Department of Mining and Minister to find an amicable way of resolving this issue.

This Government under the Prime Minister Peter O'Neill has done it to Ok Tedi and it is a success story. Everybody was gossiping that it was going to fail and they said it wouldn't work. But today Ok Tedi is making record profits now. Our people are literally seeing a good thing happening right before their very eyes.

Mr Speaker, in regards to Mt Kare, it should be an opportunity for this Government to go ahead and start up this mine on our own. I understand that there are a lot of landowner issues but if the National Government take leadership and role I think our people will become more cooperative.

There is tension because all this big companies come to one faction of landowners and recognises them of being real landowners and they use the divide and rule tactic which has prolonged the project itself.

Mr Speaker, the Prime Minister is on the right track and I believe the Government can seriously look into this matter.

I challenge all leaders that we come in here and shout and demand that we need resources but yet we have never done anything to show that we can actually run a mine.

Now this Government under the leadership of the Prime minister has shown us how it is done.

Mr Speaker that is a solid indication that this country under good leadership can run a mine and the benefit can come back to the country and to our resources owners in isolated areas for a life changing experience.

Mr Speaker in conclusion because the Member for Namatanai brought this issue up in regards to Tax Credit Scheme it is important to understand that it is a good concept but I feel that the Government must strongly consider making sure that we manage the processes under our terms.

This is Government money because that is supposed to come to the Budget -

27/03

This is Government money and not company money. It is the Government's decision to allow the companies to use that money to run projects for the people and thus not getting government taxes from those moneys. It is a way to giving credit back to those companies operating in the country. But for visibility about projects it will be good if Government Ministers to really have some way of observing those projects so that the people actually benefit. For a long time our people been thinking that tax credit money is for the companies because the companies use that money for projects in those areas and not the Government. What we need to do is show our people that it is our resources which gives us that money. It is our money that is being used by the companies to carry out the projects.

When I talk about visibility I mean that the Government must look into the projects that are being carried out by those companies so that they do not do it in their own interest. It is important to make sure that those projects really help the people of those impacted areas.

When we have debates about this Tax Credit, I think it is important for this Parliament to take note that one of the intentions of the Tax Credit Scheme is to develop those less developed areas where the projects are being carried out. This was a scheme especially designed to develop the areas where the project is.

Mr Speaker, on a concluding note, I would like to commend the Prime Minister and ask him to focus as he has been doing. This goes not only for our mining resources but all other resources that we have. We must not think that we are not making money, these companies are making money but they are not going to tell us that.

I have been the Governor for Enga for a long time but no company has invited me to see a gold bar yet. They do not allow anybody to see those gold bar so we should not trust them too much. A lot of people are criticising our move about what we are doing in Ok Tedi but it has been done so if it is working for Ok Tedi then the next area is Porgera. We have go to make it work. It is the same kind of circumstances and the same kind of mines so I believe that this Government will continue to do what is good for our people. The people of Enga are very excited and looking forward to owning more shares in the mines. It would be a good thing if we can get a bit more than our brothers from the Western province.

Mr TOBOI AWI YOTO (Western) – Mr Speaker, thank you for acknowledging the people of Western province. I would like to take note and acknowledge the ministerial statement by the Minister for Mining. He is doing a fine job in supporting our mining industry to make money for our government to run our country.

Mr Speaker, all of you know that the Western province hosts probably the third biggest mine in the world and first in PNG. Before Ok Tedi came about it was the Panguna Mines that was the biggest in the country and we all know the history of that mine. After Panguna was closed, Ok Tedi took over and has been making money for this country for the last 37 years.

However, the mine has not come cheaply as we may think. There are a lot of controversies surrounding it but what has happened has happened. If we were turn back time and look back at the past and correct it then there would have been a lot of issues that we will need to sort out. Ok Tedi and Panguna remains a lesson for us to learn from and use those experiences to better ourselves with the new mines coming up around the country.

There were a lot of environmental damages that we experienced with the Ok Tedi Mine. We have a dead river that is running from the head of the river to the mouth of the Fly River. We also have issues with benefits.....

28/03

We also have issues with benefits. As you are aware that we receive a very high equity of 33 per cent which I will come back to later.

In terms of benefits, if Ok Tedi was here to put up a power point presentation you would have seen how much revenue it generated for the last 37 years It made K40 billion for the last 37 years, of that K10 billion was used for the benefit of Western Province but when you see Western province today, the value of that money does not translate to the lifestyle of my people in Western province. That money disappeared in thin air. Most of these monies were not used by my provincial government, yes we received royalties at that time, but much of it was parked elsewhere. It was parked with the Mining Department and through various dubious claims, through various inflated projects and through various ghost projects these monies was used up within the Mining department. There was a trust account created and the monies disappeared there. What we have now is about K214 million which is still sitting in the trust account waiting for various clearance to be given before it will be allowed for the people of Western Province to access it.

This reminds us that we need to find a better way of dealing with moneys belonging to the provincial government and landowners because if we don't tighten up this, we can continue to create revenue but this revenue will not translate into development purposes in impacted provinces and impacted districts. We need to tighten up on how we need to spend the royalties and the benefits generated out of the mine.

We also need to tighten up our environment protection, through CEPA because after the mines are gone our children will look back and blame us. If Ok Tedi was not taken over by the PNG led government, I don't know what would be left behind. The villagers will see a huge pit formed on the where the mountain once stood filled with pool of dead. That is the legacy that Ok Tedi would have left behind for my people. Having learned that, I ask that this Government must create laws to protect our environment so that our children can continue to benefit like how we are benefiting today.

In addition, the benefits that we are receiving should not be tied down benefits. They should be in a form or regulatory framework, so we don't need to go through negotiation and agreements or talk with the land owners and the provincial government and then have development forums to start negotiating how much we should get. Instead we should pass laws that should clearly define how much the landowners will get, the district will get and the provincial government will get and how much the national government will get.

Today in the mining industry, we only get in regulatory benefits about 2.5 per cent, if I am correct, I think we should increase that to about 50 or 40 per cent so that when we attend development forums we don't need to negotiate because we know how much we will be getting. So we just sign the agreement and let the projects to carry on. But now, in every other industry like forestry, oil and gas and forestry and mining, when a new prospect is discovered we return to the negotiating table to negotiate over that two

29/03

when there is new exploration of oil or gas then we must go back to negotiation table to negotiate on this 2.5 per cent on how we will distribute.

Therefore, we should bring to this Floor of Parliament the new *Mining Review Act* to be debated and agreed upon so that we will know the exact per cent we will receive.

The other issue is that though we got this 33 per cent equity but my people are still struggling since the government took over and introduced this policy of fly-in and fly-out. My people back in the province don't get direct benefit from the Governments purse but they benefit from small spin-off business created by workers in the mining area who normally go and buy from the market.

But now in Tabuli this local markets have closed and people from the surrounding villages don't bring their garden produce to this market any more. They normally go to Kiunga town because people have moved to Kiunga.

Unfortunately there is no market and my people from Tabuli can't sell their food because there is no one to buy and no cash flow which is really affected my people because of the fly-in and fly-out policy.

I know that it was purposely created to reduce the profit my people will not benefit from it but will be in government's accounts for other people's benefit.

My concern now is to review the fly-in and fly-out policy so that it can encourage mine workers to take their families over there permanently and they can put their kids to school there as well.

In that way it can create spin-off business for the local community to benefit from it. But at the moment there is hardly cash flow and no markets, schools and so forth for the local community to benefit from.

To conclude I want to correct one of the statement made by the Minister for Works and Implementation in relation to the 33 per cent equity for Western Province, was not given to us for free. But it came at a cost which we had to pay 5 per cent of the stamp duty fee, which we paid K31 million to get this 33 per cent equity. If you think that we got it for free than this information is wrong we paid for it.

With that I want to thank the current Government for honouring its commitment in the last government to give the people of Western Province, the 33 per cent equity. And it's a precedence set for PNG so that other mines in the country can follow suit.

I thank the O'Neill-Abel Government for making a good decision which opened the door for Western Province to buy this 33 per cent equity. It can also up lift some of us to excel and become millionaires or even billionaires, which will have a big impact on the economy of this country. With that on behalf of the people of Western Province, I thank you for allowing me to contribute to this important statement.

Mr CHRIS HAIVETA (Gulf) – Thankyou Mr Speaker, I also want to support the Minister for Mining for his statement and at the same time raise few issues in relation to resources development generally.

Firstly, I want to commend the Minister for his statement because of many good initiatives and it picks up in detail the Alotau II Accord which was built upon the Alotau I Accord. So in his sector I really want to commend him for the reforms that he has undertaken as well as trying to bring new mines into operation.

Now in saying that, Mr Speaker, I just want to raise a general point and the point is that when explorers came to this country, there were missionaries, miners, and people who

came looking for slaves as well. The miners stayed and those who came looking for slaves took our people into cane plantations in North Queensland, and started a cane industry there.

In fact, sugar cane came from PNG, and not from anywhere but it was brought back to start an industry here.

By the same token the gold explorers were one of the first expatriates to come to PNG. The first gold mine was in Lakakamu and then on to Wau-Bulolo. So our experience with mining in this country is long history and has we have experienced with missionaries, those who brought in the word of God.

After independence, there is a lot of collective written as well as unwritten experience that should really guide us as to how we look at the next generation of agreements that we are going to reach.

In that stance, let us look at Bougainville. What did we do with Bougainville, Mr Speaker?

The first

30/03

Mr Speaker, the first Mining Agreement in 1972 or 1973 when the Bougainville Mining Agreement was written, it was turned into a Law, it was passed by an Act of House of Assembly. We turned an agreement into a law and we have not stopped that Act yet. We have turned OK Tedi Mining Agreement into a Law. We have turned the first PNG LNG project into a Law.

When we do that we tied the hands of the Department, we tied the hands of the Government. And if there are facts of that agreements, it's very hard to change. So I would like to caution Parliament where, where we have Mining Act, where we have Environmental Act, where we have Oil and Gas Act, lets us not change any more development agreements into Law. It must stop completely. Let the Department run it, let the Minister and the Department regulate and run the projects. When you do the review, do it that way, let us not bring it to Parliament, it is too difficult and too hard.

Mr Speaker it is very hard to make changes to the Bougainville Agreements. Look at where we are now. We are heading for a Referendum. So let's not repeat that mistake.

Look at OK Tedi, it is very hard to change. I was the Minister responsible for bringing the Supplemental Agreements in that sets up the PNGSDP, we made it into Law and we set PNGSDP up in Singapore. What happened, we can't even get that money back.

We have facts of Porgera flows down the Strickland River, my fellow Governor talked about the Alice River. It reminds me of a song, 24 years I've living next door to Alice, who the hell is Alice. You all know that song? Well it's that girl you'll never touch.

For Alice River is the OK Tedi River you will never kiss. Because you cannot drink from it. There's no fish in there. You cannot drink from it, you cannot boil and you cannot wash in it. That's the pain and the suffering my fellow Enga Governor is talking about. When we dump river run tailings into the river system, we pollute the communities all the way down the river. We've got Mining Regulations so let's look at mines regulations on environment to toughen it up. What do we do with the Strickland, the Strickland is dying as well? The OK Tedi River is dead so what practises can we put in place where we can learn from in the future? It is important that we don't bring these agreements to Parliament because the investor wants us to do it. We already got existing laws to take care of that so it's a practise I want us to stop, Mr Speaker.

My second point is on loyalties, Mr Speaker. Loyalties splits once landowners and Provincial Governments and beneficiaries are identified. In mining, petroleum came out from mining so there is no problem there. But there seem to be a problem as in the case of us here. If there are those kind of problems, write it in, not into an MOU, but if possible, IRC sends these monies directly into the accounts of those beneficiaries.

31/03

Possible that IRC send this money straight into the account of those beneficiaries. That is an MOA that is not being followed. The splits are there so I am calling on the current Minister to implement it, if it is possible and get the IRC to do it. So that everybody is happy and paid directly into the landowners, provincial governments or whoever the beneficiaries are. In petroleum it is difficult because the previous practice was that the payments were made in cash where by officers took the money to where the people where and paid them directly.

I believe that practice has now being stopped but as for mining it is not done in that manner. I am glad that petroleum has come to stance and they are doing the right thing now. On the issue of tax credits; these are state monies and I totally agree with the comments of the Governor for Enga. These monies do not belong to the mining companies. They belong to the

Independent state of Papua New Guinea. And I want to commend the Minister for Planning for undertaking the review. I hope that he can tell us how we are going to manage all tax credits in the future, between mining, petroleum, agriculture or any other companies. So we look forward under your leadership to see the end result of the review.

Mr Speaker, alluvial mining is undertaken by maybe 3- 4, 000 people nationwide whom we do not pay too much attention to but those monies are paid directly into the pockets of our people and whom we do not pay too much attention to but those monies are paid directly into the pockets of our people but there is no proper regulation at all but these people do it on their own. Many of my people Lakekamu and elsewhere face a lot of hardships including getting robbed while trying to get from the river down here to look for buyers in the city. There are a lot of con artists as well. So the government together with the provincial governments should do something about this. If you do not want to do this, give all the powers of licensing and regulation of alluvial mining to the provinces. This way we can generate income and help our people.

Mr Speaker, we are setting our projects where we process these raw materials and we send them over to the export market and this should run like clockwork. I have talked about the pollution and the social effects but in this review, can we get to either put some gold bars away at the central bank, if it is copper, petroleum and gas; we should do downstream processing of our minerals. It is about time we start thinking seriously about downstream processing of our minerals on our own shores. This is in order to add value and also in terms of providing and generating more employment. I am asking the Prime Minister, that we should deliberate on a policy and let us do downstream processing right here in Papua New Guinea, instead of sending of exporting and letting others enjoy the benefits.

The other point, I want to raise is on our landowner companies; companies that are set up at the time of the construction of the mines and gas developments. They are huge companies but you find that experts are running them and it becomes a lifestyle for these expatriates and our landowners are used only as rubber stamps. The government must have a policy and look into many of these issues. I can call names of many of these companies but I'd rather not. Lihir, Pogergera and even Bougainville has had that experience.

32/03

But Lihir, Pogergera, Bougainville, Ok Tedi, and Kutubu have that experience. With all those experiences I am asking the Minister for Commerce and Industry to review the projects. We are given money to assist local landowner companies set up but we don't go beyond that.

We let these companies flounder and then expatriates come and take over and create a life style of their own and our poor people again miss out. We need to be looking at and focusing on these companies.

In the mining sector, I commend the Prime Minister for taking Ok Tedi Mine for the State and to have done that it has saved Western province and I am sure that we now have hands on experience in how to develop a mine, run it and make it work. It should really have a training arm added to it so that we send more of our engineers for training. It should have workshops there so that we can train our people in all backgrounds as much as BCL was doing in those years.

Mr Speaker, with the review if we going to be serious and the Government is going to engage in mining then we need to look at Ok Tedi, MRA and Petromin and put all of them together and create a mining house for this country. This house will then can do everything from exploration, development, down processing to training of our people in skilled labour.

Finally, with regard to the Fly-in Fly-out that was brought up by the Governor for Western, we have got mining towns that were established and now that Ok Tedi is back into profit making, I am asking the Government that we bring the workers back to live in the township. The last time that I took a drive there, Tabubil looks more like a ghost town. The houses there were not occupied and everyone seemed to be living in dongas.

When the Minister for Works was an apprentice and we had strikes there, the result was that we did away with the Fly-in Fly-out policy this was when Sir Rabbie was the Prime Minister. As a Government owned entity we ought to take more responsibility to start bringing back the workers to reside there. Let us make sure that the Tabubil Township survives and that it can provide the services that need to be provided to places like Telefomin and other out stations.

Mr Speaker, on that note, I want to commend the Minister and the O'Neill-Abel Government for such a comprehensive policy statement on mining. Thank you.

Mr GARRY JUFFA (Northern) – Mr Speaker, thank you for allowing me to join my colleagues in debating a very important subject matter. We have had some wonderful presentations and some great insights.

I would like to propose that we should consider a forum of some sort. A forum that belongs to us and one that we own and control. We have had mining forums but there were controlled and managed and coordinated by investors. How about having our own forum

where we can have these leaders who have spoken and highlighted a number of issues that are very important and pertinent that need to be taken note of and acted upon.

In this forum we can have the guidance and experience here from all levels so we can discuss how we can make this industry one that can really benefit Papua New Guinea. It has not benefited Papua New Guinea in as much as it should have or could have. We have been celebrating the year of our pig and claiming that we ate this pig. But in reality other people have taken away our pig. From the small piece of pig ear that we got as a share, we are really celebrating and saying that we got our huge share of that pig.

With that we are claiming that our laws are very good laws. These are laws for the white man and not for us. They made these laws for themselves and to take our resources, bring back and build their own country. They did not make these laws for you and me and our people. We must make our own laws for the benefit of our country and our people. These people debating here are people who know very well about these situations in our country.

How can the Governor for Enga who has been governor for the last 20 years and has not once gone into the facility and seen a bar of gold from there? They should tell you who controls what is happening. True independence comes from owning your economy and we are not in charge of our economy because we don't own our economy.

Do you own a forestry project, a fish cannery, or a gas refinery facility? No you don't and if you don't then you don't own your economy. If you don't own your economy then you cannot determine your future. The future is determined by those who own the economy. We are therefore not independent so let us not forget this.

We were given some sort of an independence which was not complete. A complete independence comes from owning your economy. We are still watching other people coming here to take our resources from us back to their country to develop their world. We are watching all our resources going to other countries whilst doing nothing about it.

33/03

They take away the resources and the benefits to their country and we just clap our hands and rejoice at our gold, oil and gas but where has it all gone to? It's used to build another country, another economy and they are well developed and happy with proper health facilities and infrastructure. What about us? They have left behind holes, conflicts, and destroyed water ways. We are not independent. Let us really fight for independence.

I have four points here to talk about. Laws, we need to structure these laws so that they are truly our laws. I commend this Government for making some of these efforts, give credit

where it is due. If what the Prime Minister is doing is in the best interest of our people with OK Tedi then let us study what happens there and use that as a pilot project and see what we can do so that we truly benefit from these projects. These are our resources, but we are in a situation where we pay for our own resources to be developed and then taken away the benefit too, they leave our shores never to be seen again. So we need to look at the laws that currently exist and revise them. This is why we make laws. That is what we are supposed to be doing, we are not project manager running around dishing out DSIP, PSIP, classrooms and aids posts, dinghy's. That is not our job. The basic strategy should be, to how we can own this economy, and therefore determine our future.

Secondly, there must be consultation. One of the problems I see, is, the Mining Department is not a public department, and it is owned by us. Yet it was created for the purpose of protecting and promoting PNG interest, but it barely serves that purpose. Investors will organise mining wardens to turn up and conduct hearings without the provincial government and the districts aware. These wardens bring in claims that all landowners have agreed to the project. We are later shocked at how these agreements were derived leading to bitter court battles among land owners. There's conflicts and issues, but who let them in? We did. We are at the gateway for our economy. We let them in. This country is akin to a house, the government is father in that house who holds the gate key, and the public service is the mother to that house that holds the house key. The parents have opened the gate allowing thieves to come in and exploit the resources. The thieves force the children out of the house, in case they revolts and they enjoy the privileges of the resources while the children suffer outside. These children question why they are left out and when these resources belong to them. This is what is happening in our country. We boast of being independent. Where is that independence? We must fix the law. Consultation is important. Talk to the provincial government, the districts, the landowners, and the experts. We just heard the Minister of Works boasting that this country has a lot of learned and intelligent people working everywhere. Okay, then bring these people to work with us, so they can help us. Consultation is very important.

Sustainability, we have to look at how the world is moving. In 15 years' time, global temperatures will rise by two degrees, this will have a significant impact on our lives and especially our children. The rise in global temperatures and the rise in the temperature of our waters, seas, oceans will lead to the melting of our icecaps. This is going to contribute to significant destructive type of weather patterns that we must be careful; about. Cyclones and storms feed off the rising temperature in our oceans. There will be more volcanoes, more

cyclones, more tornadoes, more floods, and more earthquakes. Are we prepared and what are we doing about it? These type of activities contribute to these situations. These are our only hope. How are we managing it? How will it impact our children? Many of the investors come here with the with the Milton Freidman type of economic theory approach that they have been promoting around the world which is that businesses have no social responsibility. Their responsibility is to generate profit, but we must hold them accountable so that they behave in a responsible manner. A speaker, just said here that he had to go looking for the mining company so that they could listen and attend to him. Why should he go looking for them? Aren't they our guest? If a person comes to your house, will he do as he pleases in your house? You let him in, it is your house, if he does not comply with your rules, get rid of him. But such investors are just entering our country with very arrogant attitude and they see us as inferior and they think we are less civilised and we are asleep. So they do what whatever they ever want.

34/03

people are inferior and not civilised as we are and not awake so let's do whatever we want. Yes, they call us 'kanakas' and this word derives from the word cainheka.

As the Governor for Gulf has mentioned, when they first took many of our Papua New Guineans to North Queensland to cut caine and today they still call us by this name, who knows probably behind closed doors or in their very fancy clubs they may consider you and me as such. Yet we worship them and praise them by saying that they are here to help us.

In reality they have slaughtered a huge pig and they took the best part of the pig away and only gave us the ear part of the pig for us to eat and here we are fighting over it and thinking that we ate the best part.

That's why I want to emphasise here on sustainability, we have to consider our environment and see how we are behaving within our environment not just for tomorrow but future as well. Today what you and I have to do is secure our economy so that will assist us to prepare for the next generation. So that they can fight to maintain and retain that economy and bring it beyond tomorrow.

So coming back to sustainability these companies have to be held accountable for instance, we have to consider their plans first before accepting them by screening them

carefully and know whether they have the right interest for our people at heart by caring for us. What are the benefit sharing agreement that they are proposing and how will it benefit us.

With that in mind let us consider some of the issues affecting other countries around the world. With the help of modern technology we can get connected anywhere and get information. We have friends in the middle-east where we can talk to them and find out or even China and Russia for that matter.

We must not accept only one particular group of people who turn up here and mining the stock exchange. Meaning to say that, they are not actually conducting mining activities but mining stock exchange. Their share values keeps going up by using the information that they carry out from here and not actually doing any development and some of them have been doing that for the last 20 years.

Let us also look at our benefits, someone actually mentioned about downstream processing in terms of refining. Well why not, let's not just speak about it but do it and we can start from here.

That's why I wanted us to have a proper mining forum and not one that is going to be held and owned by investors where they push you all in one corner and they go drink their champagne and criticise us kanakas and say that they will only follow us. We have to have our own forum where we can sit and speak out and determine because after all its our country.

I want us to consider a national gold storage facility, we have built so many cities out of our gold. Why can't we build a gold storage facility and this is one currency that will always remain and other currencies will fluctuate and the US dollar is strong and others that are on the horizon that are strengthening for once in the history of mankind since that country came to be.

But gold will always remain and many countries do that and they won't expose it because that's their secret and that's how they run their economy. That's how they maintain control over the financial systems that we had to live in.

If we want to be involved we must partake in this type of activity by building a reserve and every grant that goes out must retain a particular amount here. Many of these companies barely pay taxes and say we are reinvesting are we monitoring whether they are really reinvesting.

We need a concerted effort to review these taxes that we are imposing. We must understand whether or not we will benefit from. We are simply trusting people by welcoming

them and be gentle to them and that's the main problem with us. We open our doors and they come and steal and take everything and anything they want.

These are few sentiments that I had in mind to share with my colleagues here. Gentlemen, we can make a difference by seriously consider this forum. Prime Minister, you have shown the way with OK Tedi, well let's take another step further and have a forum. The speakers who spoke here today, I have learnt so much listening to each one of them and so much has been said and they have a wider experience in their knowledge and so invite these people to such a forum.

And then from there what do we do? Let's put a road-map from where we are to where we want to go. And let's put an effort to get there together and lets truly save and benefit from this country, truly own our independence by owning our economy, thank you very much.

Mr SAM AKOITAI (Central Bougainville) – Thank you Mr Speaker, for giving me this opportunity and whilst having this time I also want to thank my people for re-electing me after ten years back to this Parliament.

Unfortunately, my return to this Parliament was not in the proper way which no man would want to go through and that's through the court system.

But we all must be happy that our judiciary system is functioning very well

35/03

The way I came back is not a way that anybody should be happy with, that is to come back through the court system. But at least we all know that our judiciary is working and is continuing to protect the interests on the citizens as well as the country.

With that, I stand here to support the ministerial statement from the Minister for Mining and I wish to speak in support of it.

Mr Speaker, Papua New Guinea is a developing country. The Mining Industry in Papua New Guinea, as the Governor of Gulf has said, has its own history.

When formal mining happened here before PNG got Independence the first mine to open was the Panguna Mine. Before it started arrangements were made between the State and the developer. So you will see that the agreement to start the Panguna Mine was between the developer and the State.

Our people of Bougainville were not involved in that agreement. That's why that issue sparked off the underlying issue of Independence. I want all of us to understand how the crisis happened. The mine sparked off the underlying issue which was prevalent in Bougainville.

This underlying issue was not started in 1988. It started in 1899. We must all be aware of this. We have to understand the history of how this crisis in Bougainville happened.

Why did I go back to 1899? That is when the British and the Germans decided to draw a line between Solomon Islands and Bougainville. That is why this issue eventuated. They exchanged two islands, Samoa and Bougainville.

So, while I have this opportunity I am asking us not to politicise the issue of Bougainville, We have lost 20 000 people in Bougainville. I want us to understand this issue very carefully and be sensitive about what we say and how we debate on issues on Bougainville.

Sorry I am speaking outside the context of the mining issue but I need us to understand that I am not talking without substance on the issue of Bougainville, I took up arms against my own people. The mining issue triggered it off, an agreement that our people have nothing to do with. It was between the Government of Papua New Guinea and the developer which was Rio Tinto. Because of that issue the mining industry in Papua New Guinea has come a long way. Bougainville has set examples and it has been repeated around this country.

Panguna Mine, in its operational days it was a mine for every Papua New Guineans. They did not give priority to Bougainvilleans, it was a mine for Papua New Guineans. They didn't recruit only in Bougainville, they has recruiting centres everywhere in Papua New Guinea.

But today what do we have? We the landowners and leaders have become greedy. No, we the people of Porgera will be the only ones working at Porgera. We the people of Kurumbukari will be the only ones getting employment from Kurumbukari but it was not like that in Panguna.

Panguna had townships, township in Panguna, township in Nagovis which is Camp Five, township in Loloho, township in Arawa and what happened?

36/03

Which is camp five, from the township of Loloho and Arawa and all of us worked eight hour shifts. Today mining companies are only working two shifts. In Panguna an employee was working for 12 months before taking his leave. We had our days off, which

was approximately for only four days. Four days was not enough, we would go to Rabaul for only four days and get back. What is happening is the mining industry in our country has come a long way. We now have agreements in all the mines. We have the basic agreements between the landowners, the developer and the state. These are agreements are what the mines are operating under.

So in Panguna the production was about 290, 000 tonnes of concentrate per annum. And 630, 000 ounces of gold per annum. The direct employment to Panguna mine was more than 4,000, while we have over 10, 000 contractors. So what that indicates is that when you compare work force in the mining industry activity against the activities of the LNG. You will note that for LNG, a lot of work is done during the construction phase but for mining the work force and the work load of mines continues.

Mr Speaker, why I am bringing this to the attention of the Parliament is because we have a lot of school leavers leaving school. A lot of degree holders have no jobs and are still at home. The statement of the Minister has indicated that there are new mines coming up around the country. So when we look at the mines that re in operation now we could say that these are basically using most of the old systems that were in place in terms of exploration and other basic mining infrastructure. The new mines coming up, we learn from those old ones and together with the government and the developers of these mines we will correct some of the situations that the mines are basically experiencing.

Waigani, is likened to the Dead Sea, where it brings fresh water in but cannot give back life. What is happening is that resources producing provinces are contributing to Wagani but Waigani does not give back enough to the people. And I hope that we can correct the situation with the leadership that our Prime Minister is providing. We need to review the benefits for mining. The Treasurer has answered a number of questions in the last two days and he was talking about the increase in the price of gold, copper and oil & gas. We need to; for the benefit of this House, it must be made known in the next statement whether the operational mines are having increased production or their production is depleting. We can talk about the price but if there is nothing or not enough to mine; we must understand this issue.

Mr Speaker, while I was outside for ten years and when I came back I have seen that this government decided to focus on agriculture, which is a good start but can we go further than that by locking some of these benefits by law to go to agriculture and some other renewable resources.

37/03

By locking some of this benefits by law to agriculture and other renewable resources. We need to correct it and lock it by law so in the end we will really see the benefits of having a mine. Mining companies are becoming victims because our people do not see the benefits of having those mines there.

Mr Speaker, we have got to understand the reasons that gave rise to the Tax Credit Scheme. Our people of Bougainville were arguing that you are taking all the money to Port Moresby and nothing is being put back there. We were happy to see the mine there but there were no bridges on our roads. One can camp on the road sides for two to three days before the river floods slow down for you to crossover. The people of Bougainville did not take up arms against the Government but because the money was being taken from us to build Port Moresby.

Mr Speaker, I would like to see that we lock some of the benefits from our mines to specific commodities like agriculture. Whilst we are getting revenue from the mining sector we must build our agriculture because in the event that mining subsides we would then be supported by the agriculture. We have got to encourage our people to be productive in the area of agriculture. I hope that we are going to look at our past experiences and correct it with our new mines that are popping up in our country.

The Minister for Works touched on a very important issue which was food security. Our people around mining areas who are benefiting from royalty moneys are forgetting about their gardens because they have money to buy store goods. This is a food security issue that is affecting our people. This people are getting unhealthy from too much junk food that they are buying from the stores. There are studies already done about this issues and we should look into it and address it.

With the Tax Credit Scheme, it developed from the argument that Bougainville was putting up but we didn't benefit because the crises destroyed that idea. But when Porgera came around it benefited a lot from that scheme.

The Department of National Planning should be the one to coordinate this Tax Credit Scheme. They are the ones that are failing to administer this scheme in the country. I hope that we can better manage this scheme so that our people from those mining areas can really see and benefit from the profits of those mines.

38/03

We can better manage the tax credit because those in the project impacted areas will see the benefits of having that mining project in their area,. I understand the Member for Namatanai's outburst on an issue in Kavieng. I want to encourage both parties, the Members of New Ireland and the Governor for New Ireland to actually meet and sort it out because that arrangement is legal. The MOA is a legal instrument that governs those benefits. It was determined during my time that Namatani should get 20 per cent of the royalties from Lihir and 20 per cent to Kavieng and 10 per cent to the provincial Government. I don't want to go through the history of it because someone is going to become the victim of it. Why I decided as the Minister for Mining, because the people of New Ireland complain that they did not receive the royalties.

I want to encourage t the Governor and the two Members to sit down and sort it out so that our people can benefit from that. The other thing is the royalties from mining are not paid to IRC, they are actually paid to companies to the provincial government. It doesn't go to IRC. It goes straight from the companies to the provincial government, but maybe we did not have an administrative arrangement for Kavieng and Namatanai because those payments are supposed to go directly from the company to the districts. From the company. I think that is an issue that I want to encourage the Governor and the two Members to sort out so that the people of New Ireland can see the benefit of having a mine in New Ireland

Mr PETER O'NEILL (Ialibu-Pangia) – Thank you Mr Speaker. I would like to also commend the Minister for his statement. I also acknowledge the contributions by various Members of Parliament and Ministers in this debate. Mr Speaker, we all know that the mining industry is a major contributor to our economy and developer to our country for many years. As stated by many speakers, Bougainville has played a very crucial role in the early stages of our nationhood and OK Tedi carried on from there. After some of the challenges that we were facing on Bougainville.

Today, other Mining industries based in Pogera and Lihir continue to support our nation and we appreciate that. It is sometimes easy to say that we can do everything ourselves that is not quite true and it is not possible. We don't have the money, we don't have the technical capacity to do some of the things that other experienced people can do better. The only issues we have to focus on is the maximum benefits that our people should have for the resource that we own and that depends very much largely on the leaders and the officials to negotiate with companies who are coming to invest in our country. We don't have that kind of money in our country. Our economy's budget is just K12 billion. Just to give you an

example, developing Wafi alone is US\$4 billion that is K15 billion, which is more than what our annual budget is. We have to be realistic in what we can do and what we cannot do. Sometimes, we always think that Government is inefficient and we think the private sector can do it better. I can assure you, the private sector doesn't have all the answers. Their motivation is profit and our motivation is providing better services for our people. The welfare and wellbeing of our people is our top priority and I have to make sure that industries like mining can contribute meaningfully to that.

One of the reasons why we try to change some of the approaches that we have in developing these industries, particularly the resource industries, is that we have seen from experience, particularly the negotiations that we have done. In some mining developments, we have taken up equity, in some, we have forgone the equity and focused on collecting tax. But there are advantages and disadvantages of that. When we take up equity that means we have to contribute capital so we can develop, but when we don't have the capital, we go out and borrow and then we invest and take up shares. When we don't

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39/03

when we take up equity it means that we have to contribute capital so that we can develop that by borrowing and invest and take up shares. But when we don't invest and take up shares and when the prices collapse then no profits made and dividends not declared we don't get enough taxes from these resources as well.

For instances, Ramu Nickel and Lihir gold mine, the State didn't get much benefits apart from the royalties paid to the Provincial Government and some of the landowner benefits people are benefiting from these areas.

So we need to find a way to maximise that and our aim is to take ownership of these resources in the country. But yet some so-called shares experts are always against it. When you talk about being economically independent as mentioned by the Governor of Oro Province, you cannot be economically independent if you are continuously depending on others all the time. You need to take ownership of your resources and businesses.

At times when someone in our country is successful in business then everyone wants to knock him down, this is simply because of jealousy because you can't do it. And you are

just lazy and start to blame your failures on others who are successful. We have to change this mindset by promoting that person, he is not going to take these wealth and migrate to another country. He is also employing Papua New Guineans, and he is creating jobs for our country and retaining his money here to grow our economy and our nation becomes stronger economically.

So in sectors like mining industry some of their funds that we have in our country like Super Funds and other financial institutions. They have to start investing outside the box by investing in mining and not just having real estate in Port Moresby and when your big clients like government departments who don't pay up in one month you start locking them out.

It's not difficult to sit back and just collect money from the employees who are paying annually or fortnightly to your fund. And that's not a difficult job to do anybody can sit there and collect money. But to make strategic investment is a difficult thing and they have to think outside and invest in the mining, agriculture, tourism industry in the country and get employees housing for instances, we as the government invested K400 million but none of the super funds who have money on behalf of the contributors actively invest in the housing program in supporting the government in agreeing to contribute one portion of kina and the government contribute the other portion to implement this program together.

So mining industry is the same our large funds who have enough financial capacity are not investing so that we can rightfully own these mines ourselves. We have shown it in OK Tedi and I know that the good Governor has stated that we have some issues like the environment and that's a legacy issue but we are addressing it and the new management has been tasked to make sure that we protect our environment as we continue to expand the mine well into the future.

But the real benefits sometimes we are blinded by our emotions and thinking that our own people are looking after our own interest. But that's not quite true and they are looking after their wages or somebody who is paying large sitting allowances or directors fee or even employed by these companies.

If you are Minister responsible for mining and engaged in some of these resource discussions many of the foreign investors will sent a Papua New Guinean to talk to you first. That's because they want to comfort you and thinking in your mind that they are acting in your best interest. But no, they are representing foreigners and they will get the best deal out from you. And these are some of the issues that we have to be very careful.

So the legacy of OK Tedi is there, and I want to correct the good Governor for Western Province. It's not quite true that you paid K31 million for one-third of OK Tedi, K31

million is the stamp duty that you were required to pay like everybody else in the country, you should be fortunate that even though he didn't legally own the shares, but I made sure that K200 million of dividend was set aside for Western Province. That's the money that is rightfully belongs to the State. But I allowed it for the benefits of the landowners and Provincial Government because I am conscious about the legacy issues surrounding OK Tedi and Western Province. I want Western Province to get the best value out of it.

Today you have a third of the asset well over almost US2 billion dollars and that's close to well over K1 billion asset without any mortgage or loan attached to it you have that value to your province. No other province in the country has that kind of value

40/03

That is close to well over K1 billion of asset without any loans or mortgage or anything of the sort you have that value to your province. No other province in the country has that kind of value in their balance sheet.

You can use that to go and do many things. You can use that to go and borrow money from the banks, you can work with a financial institution and you can build hospitals and schools. This is the real value of a real working mine in the country. A global asset that we can be able to develop and do so.

I know we have to play politics and colour up a few things but get the right information to the people for goodness sake. Let them know the truth. There is no point in coming in here and colouring it to suit an argument because it satisfies each one of us.

So, Mr Speaker, you know, I understand that royalty issues are there. We need to sit down with the provincial governments and the challenges around that. Rightfully this money belongs to our people and most provincial governments and districts have a role to play. We have to work it together so that the benefits go down line.

I am a great believer of working together and I urge our friends in New Ireland to sit down and work. As I said publicly in New Ireland, elections are over. We wait until the next

four years and then we have the next round off battles but elections are over. Today we have to work for our people together and bring in the best opportunity that is available for them in improving their quality of life.

The issue that the Governor of Enga has talked about regarding mine life, when you determine a mine life when you go into early negotiation, you think about the investment that the company is going to make and then estimate how many years it will take for that investment to be recovered by the company and make a decent return on it. So, that's how you assess the mine life and depending on the reserves, you determine that.

So Porgera has a 19 year mine life which is coming to an end next year, Ok Tedi had 20 something years plus mine life which was supposed to come to an end in 2012 but then we realised that the reserves are much higher. Sometimes some of these people have not told us the truth but the initial investment has already been recovered in those years.

So, after the initially agreed period the mine itself, if it is going to be extended, then it is of some value to the nation. The deal is going to be completely different, it is not going to be the same.

That's precisely what we did in Ok Tedi. They said the mine life is coming to an end, well, that's fine for the investors today. But for us as a nation and for our landowners and our provincial governments, if there is enough reserves to continue the mine, it is for us to negotiate with the current operators and say, what is the salvage value of that particular mine? And we negotiate to pay that value and then we can operate the mine ourselves.

That's the basis on which we are going to negotiate at Porgera. It won't be taken for granted that yesterday they changed the shareholdings so the new investor wants to continue. Well, that's not the case. The investor knew precisely well that the mining life will come to an end in 2019 and we will re-negotiate a deal that will be beneficial for the State, the landowners and the provincial government. And we will do the same at Lihir, we will do the same elsewhere and I hope that this is something that we can do in the future projects.

For instance Waffi will be there for another 35 years from what we are told but if we make the assessments that it is going to be beneficial for us to take over the mine at a certain time, that's what we'll have to do. We have to build up our economy. We have to make sure our economy does not depend on others all the time and we continue to think that the development partners will come.

Development partners are only interested in Papua New Guinea because of their national interests. It's not because they love us and they are here to contribute to our nation building, no, it is because it satisfies their national interests whether it be global security or,

maritime issues or border issues. It protects their interests that's why they are here. We cannot continue to depend on them and that's an unpredictable development programme.

You don't know what the funding sources are going to be in the future. So the only way we can secure our future is to depend on ourselves.

This is where in the future, apart from the mining life, we have to look at, in future negotiations about how we depreciate the investment and the asset of that particular company.

I don't believe in the so-called programme about accelerating a depreciation. If the mining life is 20 years and if you said we will try and recover all our costs in the first 10 years and then you will start making money on the 10th year onwards, we have bills to pay, we have got people who have to deliver services too, we have to take care of our welfare of our country –

41/03

You will start making money from the tenth year and onwards but we have bills to pay. And we have people that we have to deliver services to as well as take care of the welfare of our country. Likewise they are taking those risks and that is why we should not be allowing extra rated depreciation concept where they try and deduct all their costs up front and we make zero money from the first five or ten years. That is why places like Lihir invest in billions. But if the mine life is over 20 years, then they can deduct 2 million for the 20 years.

Not on the first 5-10 years and as a result we are not making any money in our country. I think these are some of the issues that we are working around with and it is good that we are debating on them. But our government's position is very clear where our people and our country is number one. And that is what we are going to work towards.

Mr JAMES MARAPE (Tari –Pori-Minister for Finance) – Mr Speaker, I note that a few more of our Members would like to participate in this debate and I will move to make the statement the Order of the day for the subsequent sitting but before I do that. Let me make one or two points for Parliament to take note of so that it can be part of our mindset as we go into the future talking about this resource loss.

Having heard all the presentations so far, let me make reference to Lihir as a case in point. And again the PNG LNG project also as another case in point. Newcrest Limited has three other mines. There are two in Australia and one in Indonesia. These three mines produce 812 ounces of gold and this is 2016 production figures. Lihir in 2016 produced 920

ounces of gold. The production cost in Lihir is at \$858 per ounce and the production costs for the other three mines in 2016, was at \$101 ounce. The effectiveness of productivity in Lihir is higher than the other three mines in that operate under New Crest.

Mr Speaker, very profitable as were the words I would borrow from Minister Duma who shared this information with me. As for the PNG LNG project, when we went into project negotiation in 2008 and 2009 period there were also two other larger competing fields. One was the Gobon gas fields in Australia and the biggest one in Indonesia. We were able to cross our project agreement much faster and efficiently earlier. Mind you all the gas fields were competing for the same gas market destination windows that was opening in 2014. We were able to cross out much earlier because we gave the right fiscal incentives. And those are huge discounts.

Whilst our effective tax rate for mining was 44-45 per cent and oil & gas 50 per cent. The project agreements that we had with these projects, we had huge discounts; so the actual net tax to take home was quite loaded then what is prescribed by law. And as I stand here the leader of the government has given the indication that in the last 2-3 years with turning the ship in as far as our public policy in our resource laws and giving greater equity to our beneficiary groups. Our policy shifts as far as Ok Tedi is concerned and on Bougainville indicate that our government is serious towards ensuring there is greater returns on investments. Especially the residual benefits that our country must collect as far as these resources are concerned. Benefits comes in primary three forms;

43/03

43/03

..... pointing in the right direction.

On or two years may be too soon, but five to six years down the line our nation must have a modified resource laws that empowers our country as far as the balance sheet of our nation is concerned. It pains me. When I look at this report it says, and I read specifically because my friend from the other side talked about Lihir, K4 billion is revenue from Lihir this year. How much do we take as a country? We take nothing except our good friends from the province through the arrangements that we have. These are some things that we must know of before we go into the future. I speak as Mr a very senior Minister of this Government and I know the mindset of the Prime Minister, he is trying to make a turn as far as guiding us not in a radical manner but we are making transition towards getting these laws

amended and I propose Mr Speaker that by 2025, 50 years from Independence we must have new laws that govern our country as far as mining resources are concerned.

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

ADJOURNMENT

Motion (by Mr James Marape) agreed to –

That the Parliament do now adjourn

The Parliament adjourned at 2.30 pm..