

FIRST DAY

Tuesday 17 July 2018

DRAFT HANSARD

<u>Subject:</u>	<u>Page No.:</u>
BROADCASTING OF PARLIAMENTARY PROCEEDINGS – STATEMENT BY THE ACTING SPEAKER	1
CERTIFICATION OF AN ACT.....	2
DEATHS OF FORMER MEMBERS – (Messrs Wap Yawo, Leo Hanett and Michael Laimo)	2
STATEMENT BY THE ACTING SPEAKER	2
QUESTIONS.....	3
Foreign Exchange Shortage	3
Southern Highlands/Hela – Law and Order.....	7
Outstanding LNG Commitments	8
Deliver Report on 2017 Elections.....	8
Replace Air Niugini Plane	9
Southern Highlands Provincial Government Suspension	13
Western Province – CMCA and Non-CMCA Funds	13
Djoko Tjandra Case.....	17
Supplementary Question – Cancellation of Passport.....	19
PUBLIC SERVICE COMMISSION – ANNUAL REPORT, 2017 – PAPER – MOTION TO TAKE NOTE OF PAPER	19
DEPARTMENT OF HIGHER EDUCATION, RESEARCH, SCIENCE AND TECHNOLOGY – ANNUAL MANAGEMENT REPORT, 2017 – PAPER AND STATEMENT – MOTION TO TAKE NOTE OF PAPER	20
ADJOURNMENT	27

FIRST DAY

Tuesday 17 July 2018

The Parliament met at 2 p.m., according to the Terms of Resolution of 1 July, 2018.

The Acting Speaker (**Mr Jeffery Pesab Komal**) took the Chair.

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

Sitting suspended.

The Acting Speaker again took the Chair at 2.25 p.m., and invited the Member for Goilala and Minister Assisting the Prime Minister, **Honourable William Samb**, to say Prayers:

‘Heavenly Father, this afternoon we declare you as the God of this country. You are our God. We the leaders are privileged to represent your people here in this House. We ask you to forgive each and every one of us of all the wrongs committed. We seek your forgiveness this afternoon. We ask you to provide us with wisdom, strength and peace to discuss issues affecting your people in this country. Amen’

BROADCASTING OF PARLIAMENTARY PROCEEDINGS – STATEMENT BY THE ACTING SPEAKER

Mr ACTING SPEAKER – Honourable Members, I have to inform the Parliament that the Permanent Parliamentary Committee on broadcasting of Parliamentary proceedings met today and resolved that:

(a) The *National Broadcasting Corporation* (NBC) broadcast and televise live Question Time; and

(b) *EMTV* and *TVWAN* will televise live Question Time for news purposes only for the duration of this meeting.

CERTIFICATION OF AN ACT

Mr ACTING SPEAKER — Honourable Members, I have to inform Parliament that the Speaker in accordance with *Section 110* of the *Constitution* certified the *Mineral Resources Authority Act 2018* made by the National Parliament.

DEATHS OF FORMER MEMBERS – (Messrs Wap Yawo, Leo Hanett and Michael Laimo) STATEMENT BY THE ACTING SPEAKER

Mr DEPUTY SPEAKER – Honourable Members, I have to inform Parliament of the following deaths of:

(1) Mr Wapo Waiyo on 5 June, 2018. He was the former Member for Vanimo Green River Electorate. He was first elected to the Second National Parliament from 1977 to 1982 and was re-elected to the Fourth National Parliament from 1987 to 1992 for the same seat.

(2) Mr Leo Hannett, CMG, on 15 June, 2018. He was the former Member for Bougainville Provincial. He was first elected in a by-election following the resignation of the former Member, Mr John Momis, during the Seventh National Parliament from 2002 to 2007.

02/01

He was sworn in on 21 February 2006 and was appointed Parliamentary Secretary to the Prime Minister on 7 July 2006. He was also appointed Chairman of the Public Accounts Committee on 17 October 2006; and

(3) Mr Michael Laimo, CBE, on 20 June 2018, a former Member for South Bougainville Open Electorate. He was first elected to the Fifth National Parliament from 1992 to 1997, Sixth National Parliament from 1997 to 2002, Seventh National Parliament from 2002 to 2007 and Eighth National Parliament from 2007 to 2012.

During his term as Member of Parliament, he served as Vice Minister for Culture and Tourism in October 1994, Opposition Whip from July to December 1997 and from December 1998 to July 1999. He was appointed Member of the Constitutional Development Commission in August 1999 and Vice Minister for Foreign Affairs and Bougainville Affairs from September 1999 to November 2000, Minister for Mining in November 2000 and became Shadow Minister

for Social Welfare, Health, Environment and Conservation from November 2001. He was then appointed Minister for Education on 13 August 2002 and again as Minister for Education on 29 August 2007. He was awarded CBE for his services to politics in 2004 and was ordered by the Court of Disputed Returns on 21 February 2008 and lost in the recount to Mr Steven Kamma on 9 October 2008.

As a mark of respect to the memory of the late honourable gentlemen, I invite all honourable Members to rise in their places.

All Members stood in silence in their places as a mark of respect to the late gentlemen.

03/01

QUESTIONS

Foreign Exchange Shortage

Sir MEKERE MORAUTA – Thank you, Mr Acting Speaker. My questions are directed to the Deputy Prime Minister.

My questions are in regard to foreign exchange reserves or rather the lack of it. You and I know that an organisation called Business Advantage PNG conducts an annual survey of business conditions by seeking views of a hundred chief executives of companies across the economic sector. The 2018 survey was conducted just last month and it brought out three major constraints that business are faced, or are likely to face. These were found to be the shortage of foreign reserves, the unreliability and high cost of utilities and services and security incidences and the high costs of security.

The survey ranked foreign exchange shortages as the number one constraint and it noted that this constraint remained at the top since 2014. Though you have these three constraints, I want to add a fourth one which is government arrears, that is, non-payment of debts owed to businesses by government. But as the Chamber of Commerce and Industry recently reported, nearly chamber members reported this as a major problem but were too afraid to go public because they fear victimisation by the government and the loss of any chances of getting paid. These moneys are owed to them legally and morally.

Mr Deputy Prime Minister, you acknowledged these constraint in your Budget Speech last December.

My questions are:-

(1) Why has the Government left this constraint unattended for so long, in fact for five years?

(2) Why has the Government not acted and solved this problem once and for all, instead of continuing to put the economy on a drip-feed through borrowing, whether it is commercial or boomerang?

You and I know that commercial borrowing is like selling a government bond and it is only a partial solution. Its effect is equivalent to drip feeding because the spending of the money that is borrowed through the Budget by the government through the economy creates its own demand for foreign reserves, so it is only a partial solution.

(3) Even that you have done nothing or done very little, are we expecting the problem to self-correct or are we waiting for APEC to solve all the problems?

Money is being spent on APEC now that it has become a cargo cult. In fact, there is an expectation that there will be a rein in of wealth after APEC is gone.

(4) As a Member of the International Monetary Fund, why have we not engaged with the organisation to find a solution that is permanent and lasting?

Other countries have engaged with IMF. Sri Lanka is not very close to us but is now engaged in that, why not us?

04/01

Mr CHARLES ABEL – Thank you, Mr Acting Speaker and I also thank the Member for Moresby North-West for his very relevant and important questions relating to one of the symptoms of some of the slight downturn that we are having in the economy that has been experienced for a whole range of factors that we have discussed at length here on the Floor.

And Papua New Guinea being an economy that is very vulnerable to external shock, commodity prices and of course weather-related incidents. The whole series of things have built up and part of those issues are the structural ways in which our country has been established not just in this Government but through the legacy of previous governments that have enabled some of those issues to accumulate.

One of the interesting things when it comes to foreign exchange and I have been discussing at length as well is that it is interesting how our country continues to enjoy a massive current account surplus year on year. That current account surplus is in the order of K20 billion a year and what that represents is the excess of the value of what we export over what we import. Despite that phenomenon, why do we continue to discuss some of these revenue and

foreign exchange shortage issues when we know that we have all these exports happening to different sectors of the economy? Why does that happen? This is not something that occurred overnight. It is a structural issue in terms of how our Bank of Papua New Guinea administers these arrangements through the different legislation and project agreements that have been instituted by series of governments. It is an ongoing phenomenon that we are trying to understand and improve. It is not a simple issue that the economy has got that basic underlying shortage in terms of export. We have got a massive surplus when it comes to logging, fishing and the mineral and petroleum sector as well. The real underlying question is why our country is going through these shortages. And there is no simple answer.

But, Mr Acting Speaker, this is actually a short term issue and as the economy begins to recover because of some of the measures that we are taking, including reviewing how some of these projects are structured around foreign exchange and the benefits flow to our country to smooth those flows to give more transparency around how, in the case of PNG LNG, we have allowed that particular company to keep all its foreign receipts in accounts offshore will go a long way to explaining how despite this large current account surplus we continue to suffer these kind of issues when we should not be. Because the fundamentals of the economy is sound in that regard. If you just want to compare exports and imports, we have got a huge surplus so why are we even talking about foreign exchange today that is stifling the economy.

Why does the World Bank and the IMF continue to talk about foreign currency devaluation and the symptoms of an issue when they ignore the underlying issue that our country has got plenty exports?

We need to review collectively as a parliament how we have structured and allowed this system to evolve. Are we being taken advantage of or are we structuring these arrangements properly? And I can tell you that we are going into each and every one of the sectors. It is not just the mining and gas industry, we are going to the forestry, fishing and trying to examine exactly what is happening to the proceeds of the receipts when these products are exported.

Mr Acting Speaker, I can tell you that the arrangements are not very satisfactory but you will find that when the economy starts to recover some of these issues will find relief when we utilise other measures like drawing up and rebalancing our debt structure to draw on some foreign denominated currency to bring in and support that it is part of the solution. Ultimately the solution is to get the economy balanced and back on track.

Mr Acting Speaker, you will find that that is currently happening because of a whole new series of measures we are taking. We are collecting a whole heap of tax for example and bringing people back into a formal envelope, getting the IRC and Customs capacitated.

I talked about the debt restructure that is going on. We got three large scale resource projects coming up and we got to make sure that in those negotiations we have to learn from the experience from the past.

We are working with the Central Bank as well and auditing all the foreign currency accounts that were allowed to happen and we have closed many of those accounts. We have stopped the Vostro Agency dealing in foreign currency into our country and we are just going to step by step go through this process.

05/01

I have spent much time negotiating with commercial banks trying to understand how the mechanism works that in fact the overhang in terms of the kina sitting out there ordering foreign currencies is slowly coming down. We also making sure through the good work of the Central Bank that we do maintain a prudent level of foreign reserves there and don't allow them to decrease. And the Central Bank in its wisdom intervenes into the market occasionally to try and maintain that balance and at the same time it keeps a sufficient level of foreign reserves, which is now in the order of US\$1.7 billion sitting in the Central Bank so that we maintain that prudent ratio.

Mr Deputy Speaker, during this two to three weeks of Parliament meeting, I will present a comprehensive report on the state of the economy through the mid-year fiscal outlook report. We are also looking forward to the publishing of the National Account next week through the National Statistics Office for 2014, 2015 and 2016. We will give an account of how the economy is tracking and where we are to date. But you will notice that there are some very pleasing and interesting results that are starting to come through in terms of revenue collection, even in terms of some of the benefit flows that are starting to come through from the PNG LNG project. Now that oil price is sustaining at 70 dollars and above through our provincial tax collection from mineral and petroleum for the second quarter of this year which obviously finished on 30 June 2018, we are starting to see some good flow starting to come through.

Mr Deputy Speaker, I would dare say that despite the earthquake, with the oil prices at 70 dollars, we are looking at the windfall of around K1.5 billion additional revenue from the PNG LNG project because of that recovery.

Mr Deputy Speaker, the outlook is good and of course there are some issues in the short term in relation to some of our commitments in the Budget. But you will find that in the second half of the year there is quite a significant improvement and increase in collections. Of course a lot of our financing which will also flow through into the second half of the year which will

bring relief in terms of foreign exchange and it is part of the process to get the economy rolling as we move into early works in terms of the PNG LNG expansion projects such as the Papua LNG and with the Wafi-Golpu project, you will see that in 2019-20 things will get back to a more balanced outlook and as we move forward, we will move into an investment cycle upstream and the economy will start to pick up.

Some of the arrears that the Member is referring to is all factored into this process to make sure that we start in 2019 on a clean sheet, have a good close of accounts process with all these other things coming through such as foreign exchange being relieved and new projects coming on line. With the impact from APEC, you will see a very good second half of the year, particularly in 2019 to 2020.

Southern Highlands/Hela – Law and Order

Mr KERENGA KUA – Thank you, Mr Deputy Speaker. I wish to direct my questions to the Prime Minister, and I ask other relevant ministers concerned and also Governor of Southern Highlands Province to take note.

Just recently we have experienced an escalation of law and order problems in both the Southern Highlands and Hela Provinces. The Prime Minister is from Southern Highlands, however, he has benefited politically from Hela Province, gaining major support from the members from that area who are sitting with him on that side.

On 14 June, 2018, there was a major rampage in Mendi where the crown went out of control and burnt down the following; a Dash 8 Aircraft, National and District Court Houses with all the court files, the house of the Governor of Southern Highlands Province, William Powi, and the Provincial DTI building and many other properties destroyed and burnt as well.

Around that same time, Hela Province was also experiencing law and order problems. The people decided to close down two wellheads in Angore and Hides Camp was under continuous cease. As a result, ExxonMobil and Oil Search decided to scale down their operations and left the area.

Mr Deputy Speaker, all these problems occur for a reason and the people of these provinces are human beings just like us and will not cause these problems for nothing unless there is a reason.

From my observation, the results of 2017 General Elections is a reason for these problems.

06/01

It seems that Southern Highlands in particular do not trust those election results. They do not trust the outcome of the court proceedings and blame the Government and took out their frustrations in such a way.

In Hela and Southern Highlands including other LNG impacted provinces, under the UBSA Agreement, the National Government committed to them many things. (1) The 7 per cent equity participation. (2) The 2 per cent royalty. (3) The 2 per cent Development Levy. (4) K1.2 billion in infrastructure development over a five-year term from 2010, which has already expired in 2015. (5) K120 million in Business Development Grants. (6) K460 million High Impact Project Grants. These are commitments of the National Government under the UBSA Agreement.

Outstanding LNG Commitments

Mr Acting Speaker, my questions are as follows:

Under our LNG commitments, can you honestly tell the Parliament and the people of this country if we have delivered the said projects to the people of Hela and Southern Highlands?

(1) If we have not delivered then how many of them are still outstanding?

(2) What are your plans to show us and our people that your Government is in focus and will deliver those commitments?

You must also include a timetable and schedule for your plans. We make promises and when we do not deliver, we face problems. Our challenge is to bring those commitments to our people, therefore, can the Prime Minister bring to the Parliament a timetable and schedule about what he intends to do so that we can help him and our people.

In relation to the elections, you are Prime Minister and also the Minister responsible for the Electoral Commission. You made a commitment to investigate some of the election related problems in the Southern Highlands.

Deliver Report on 2017 Elections

(3) Is the report ready or not yet? If not then can you fast track these investigations? Investigate and bring those reports to Parliament so that we can debate them and help solve those problems.

In relation to the plane that was burnt in Southern Highlands, I would like the Governor for Southern Highlands to take note. We all know he has a lot of money to solve so many of

those things that I just asked about. My question is to the Prime Minister but the Governor of Southern Highlands must take note.

To compensate Air Niugini, can a plane be bought for the people of Papua New Guinea? It was done by the people of Southern Highlands, therefore, their Governor must take responsibility and sort out this issue.

Replace Air Niugini Plane

(4) Can the Governor of Southern Highlands look into this matter and buy a new plane for good of Papua New Guinea?

Mr PETER O'NEILL – I thank the Member for Sinasina-Yonggamugl for his questions. They are very important questions and I am happy he asked them.

In relation to election-related violence in the Southern Highlands, it was not a problem in the whole province but in only one area of the province. This issue is before the Courts and the court processes are still going on. I believe that there are no other cases with other electorates except this one. This is a clear indication that in most of our other electorates, there were peaceful elections.

07/01

But it is not about the conduction of the elections, it was the counting of the election that has led to the dispute that has taken place and few individuals in their own wisdom took matters into their own hands when the election results were announced by the courts. They did not respect the court, they did not respect other people and they did not respect their leaders. They went and resorted to such practices that brought a lot of problems into our communities and country.

Nobody wants those kinds of violence to take place in their electorates or provinces and I certainly do not condone that in our own province. We are working closely with the police. There is a large contingent of criminal investigators and specialists investigators who are already on the ground in both Southern Highlands and Hela. Where those violent activities have taken place there are investigations going on.

I cannot comment on the investigations but I can say generally that after the incidents took place I went to Mendi and have spoken to all parties concerned, both disputing parties and all have agreed that the matter should remain in court, police should investigate the matter and arrests should take place. We will allow the police to continue their work.

The second issue about the election matters, when the election reports come, of course, we will take appropriate action. I have made that commitment to the people of Southern Highlands as well.

We cannot again condone the acts of our officials to bring about this kind of disturbance and disruption in our communities. That is why it is important that we put the matter to rest and let me say that this is the first time that election related violence has taken place in our country. It has happened in many parts of the country and the Member for Sinasina-Yonggamugl can confirm with me that it has happened in Kundiawa and in the Chimbu Province during the counting also.

These are tense moments and some of our people feel passionate about the elections and the candidates and they sometimes take it too far. But we will do everything possible so that the police can conduct the necessary investigations and arrest the people who have committed these crimes.

Mr Speaker, I have also directed the police to investigate the killing of the policemen both in Enga and the Southern Highlands during the election declarations and so forth. Those culprits are known to the community, they must be arrested and they must face the full force of the law.

Also, Mr Acting Speaker, let me speak about the LNG Project and I am glad that the Member for Sinasina-Yonggamugl has asked this question. He knows the background of these issues because of his former role and of course as a member of the National Alliance Party.

Mr Acting Speaker, when we started the LNG Project, just to get the agreement across the line we all went and made commitments, knowing fully well that the Government was not capable of meeting those commitments. Simply we were misleading our people. Now we are clearing up this mess. We did not do clan vetting, we did not identify the true landowners before going out and signing the project agreement. We went and made hundreds of millions, in fact, well into the billions of commitments to landowners over a period of time.

Mr Acting Speaker, the incident that has happened in Angore is isolated. This was a drilling pad where the machinery were there for certifying the reserves in that particular location and, Mr Acting Speaker, the landowners took it upon themselves. Again, Angore landowners who are disputing parties have agreed to go through the Dispute Resolution Process.

This means that the National Court, headed by Judge Kandakasi, will hear their disputes and resolve that these are the rightful landowners or not through the identification process.

I am told, Mr Acting Speaker that Judge Kandakasi and his team are on the ground as we speak, trying to verify the right landowners so that we can be able to honour the commitments that the governments in the past have made.

Mr Deputy Speaker, they have made decisions such as 4.52 per cent of Kroton to be transferred to the landowners at an exorbitant price of US\$250.00 per share, again knowing very well that the landowners cannot afford it.

You are talking about landowners who are not well informed. You are misleading them and putting on a price that they cannot afford. We are going to negotiate that.

08/01

We are going to sit down and talk with the landowners. I have made a commitment that I will make sure they are given the benefits that they are truly entitled to.

Mr Acting Speaker, as soon as the clan-vetting process is concluded we will talk about the 4.52 per cent shareholding so that the shares are going to the right people, not somebody who is living in Port Moresby and claims to be a landowner in Angore.

Mr Acting Speaker, we are going through that process and the clan-vetting process will be completed before the end of the year.

Mr Acting Speaker, in terms of royalties, they are all parked at the Central Bank. Since the exports have started all the royalties are parked in a trust account. As soon as the identification of the right landowners take place all the payments will be made at the same time.

In terms of development levy, Mr Acting Speaker, payments have been made to the relevant stakeholders and provincial governments who are entitled to the development levy. We are paying that as the process goes, as we speak. I think there's about K80 million sitting in the development levy account. We are going through the process of paying that out and we will do so in the next few days or so.

Mr Acting Speaker, in terms of Business Development Grant (IDG) we have paid the entire IDG except the K12 million that has been parked in the Court Trust Account because of the Court dispute between the Angore Landowners. Once the Court dispute is resolved we will be able to release that money to the right landowners as per the Court directions.

In terms of IDG, an understanding was reached between the landowners that over 10 years since the agreement was signed that they would pay K120 million for infrastructure development grants in the respective resource province. Some moneys have been paid, some remains to be paid but, Mr Acting Speaker, I can tell you that there is little evidence of

infrastructure built on the ground. This is because of poor management of the funds that were paid to the landowners by the Government and of course by landowners who are receiving those moneys.

Mr Acting Speaker, the final entitlement is MOA agreements. These are side agreements that individual Ministers in the past have gone around giving it like lollies to the landowners. These ran into hundreds of millions of kina but we have kept it off at K350 million.

Mr Acting Speaker, we have already paid K200 million and there is a balance of K150 million and this is the point of contention all the time. People are demanding that the MOA funds should be paid all the time. I have managed to find K150 million and we will make sure that the money is locked in the trust account and it will be paid to the right landowners. Those who are already brown fields will be paid first because all the landowners are well known because of the oil project. Those who are going through clan-vetting projects, part of that K150 million will be parked in the trust account. As soon as clan-vetting is complete and proper landowners are identified we will pay the MOA funds that have been committed.

So, Mr Acting Speaker, we are making good progress and I can assure you that the issues on Angore, we are talking to the landowners on both sides to make sure that we work together in resolving this issues. If they have any disputes, there are Courts there that they can go to resolve these issues but we cannot allow violence to dominate the project area so that is why we have to improve on our community awareness and community relations with respective developers and their respective project areas.

Finally, places like Angore and in the Southern Highlands, there are elements of politics behind the scenes clearly encouraging individual landowners to go out and cause these acts. If you cannot win on the ballot then how do you think you can win by the barrel of the gun? Simply go and convince the people to vote for you instead of going around and twisting facts, thinking you are entitled to be the Governor or a Member of Parliament. You need to be elected to Parliament by the people. Thank you, Mr Acting Speaker.

09/01

Mr Kerenga Kua – Point of Order! It is important that the Prime Minister address the issue on the plane.

Mr PETER O’NEIL – Regarding the plane, Air Niugini is certainly working closely with the insurance cover and I am certain that it will be taken care of. But in terms of the flights

to Mendi, the airport is still closed. However, I can assure you that the leaders in the Province are working at alternative arrangements where we can be able to secure our own arrangements to fly people back and forth in that province.

Southern Highlands Provincial Government Suspension

Mr JOE SUNGI – Thank you, Mr Acting Speaker. My question is directed to the Prime Minister regarding the suspension of the Southern Highlands Provincial Government.

Mr Acting Speaker, I think this is the first time, after the reform in 1995, that a suspension of a provincial government has taken place.

Can the Prime Minister clarify what we have heard in the media, and what provision was used to suspend the provincial government?

From what we know, a provincial government can only be suspended if there is mal-administration and mismanagement of public funds. We want clarification for the benefit of our governors and our provinces.

Mr PETER O'NEIL – Thank you, Mr Acting Speaker and I thank the Member for Nuku for his question.

In relation to the issue about the suspension of the Southern Highlands Provincial Government, the matter has been discussed extensively in Cabinet and the legal advice we got was to maintain the certain level of normalcy within the province. It was necessary for us to take that decision.

However, some legal advice comes that we need to come back to Parliament and establish that process and over the next course of days I will be presenting a statement in relation to both issues about the SOE and the Southern Highlands Provincial Government issue in this meeting in the next few days.

Western Province – CMCA and Non-CMCA Funds

Mr JAMES DONALD – Thank you, Mr Acting Speaker. My questions are directed to the Prime Minister and I urge the Minister for Mining to take note.

According to the *Hansard* record dated Thursday 31 May, 2018, page 5 – 7 the Prime Minister responded to my question regarding CMCA and Non-CMCA Trust Funds.

I asked three questions and one of the questions asked was if the audit was not done can the Prime Minister assure us if our money was in the safe hands. The Prime Minister

responded by saying: ‘I can assure the Member that those funds are safe and none has been drawn down because I put a stop to it’.

However, Mr Prime Minister, I wish to ask you whether you have told the truth or have lied to me and my people of Western Province. I say this because I have here with me a copy of the NEC decision N0: 181 of 2017 and signed dated 9 of June, 2017, that is now in full exercise towards handling this funds. This was around the eve of election period 2017.

Mr Acting Speaker, in the NEC decision, paragraph No. 4 says: approved existing arrangement relating to MRD2 dividends payments to Western Province people’s dividend CMCA and Non-CMCA are dis-continued and the balance of the funds currently in two trust accounts are applied only to approved existing project in accordance with terms of trust instrument and no new projects are approved and the balance of the funds be paid out to trust accounts to MRDC.

10/01

In other words, once the audit of the existing approved projects are completed, outstanding claims are paid and the balance is transferred to MRDC.

Mr Prime Minister, this decision alone seems to be very dangerous and it is contradictory to your response that the funds are in safe hands.

I do not know which safe hands you meant but I now understand that you lied to me and my people of Western Province. Only if you would have told me the truth at the first place about your NEC decision and the current steps that you are taking. It is now evident that these funds will fall on wrong hands because once the balance funds are transferred to MRDC we already know that MRDC is a ‘milking cow’ for Waigani, which I believe you have direct control.

My questions are:-

(1) I know that MRDC is an investment entity but why would the funds which rightfully belong to the people and its sole purpose for development be transferred to MRDC?

I have with me a copy of the trust deed signed by the Minister for Finance on 9 October, 2013, that guides these funds.

(2) Why is it that you are trying to spend these funds from the trust deed?

It guides and tell me whether there were any new deeds that got approved with wider consultation from people of Western Province and the leaders concerned.

I understand the audit of these funds and projects are done by your department and according to the *PNG Audit Act 1989*, section 20, it is only the Auditor General who appoints

officers who perform under the Department of Personnel Management and ahead of the *Public Service Management Act 1995*. Unfortunately, this did not happen.

(3) Did we break this law?

Can I confirm here that it is a clear conflict of interest and has the Auditor-General authorised or appointed anyone or was it directed from your department?

If these funds are for development in the province we need it because we have six provincial wards, one teachers college, one nursing college, one poly-tech and many more projects that we are now setting for a new course for Western Province. This is the only development fund available at hand to implement these projects. We know the Government is struggling to feed every one of us and it may be unfortunate that we will not get our share.

(4) Can you revoke your NEC decision No.181/2017 from transferring to MRDC but allow us to immediately start excessing and spend on our projects within our trust deeds and have trust on us?

Mr PETER O'NEILL –Thank you, Mr Acting Speaker. I want to thank the Member for North Fly for his questions.

It's quite insulting when one honourable Member thinks that somebody is trying to do something wrong when all we are trying to do is help correct what has been mismanaged for many years. If you had only known about the story of those funds; CMCA and the non-CMCA funds.

11/01

Hundreds of millions of kina has gone wasted and the people of Western Province have not seen much development because those funds never reached them. The Member will be very appreciative that we are trying to correct and stop this nonsense going on.

Mr Acting Speaker, since taking Government in 2011, the National Court Justice Gibbs Salika put out a Court Order from what I believe was to stop all these funds because of all the high level corruption that was taking place for quite a number of years. And of course when the Court Order was lifted our Government felt that we needed to do an audit of what has happened with the moneys that were spent in the past. The audit is a special investigation, it is not necessarily an audit of Public Accounts by the Auditor-General. That is why my department prepared a special team to investigate the parties that were managing it. The departments of mining and finance were managing those two accounts. At no single time has my department

or my staff have approved one single project in Western Province because there is no mandate whatsoever.

When you look at our NEC Decision, it simply says that we do not want any new projects until all the audit activities finish and all the accounting of all the previous moneys spent has been done, then we will open up the account and new projects can commence. That is what the NEC Decision is simply saying.

Mr James Donald – Point Of Order! Mr Acting Speaker, the Prime Minister is wrong to say that after the audit we can access the moneys. The NEC Decision is clear that after the audit is done and the balance is paid out then it will be transferred to MRDC.

Mr ACTING SPEAKER – Honourable Member for North Fly, the Prime Minister is in the process of answering your questions.

Mr PETER O'NEILL – That is okay, the Member is worried about his people's money so he is asking and that's good.

You just listen because you are well educated and you know everything but what we are trying to do is that there will be no new projects and that audit has to be completed before we open up the account.

Today, I believe that there is over K200 million in that account. If I didn't stop it, I can tell you that you will not have K200 million in that account because the stealing will continue.

So, Mr Acting Speaker, I am quite happy as I said before that I will be establishing a royal institute of inquiry. I have already found a retired Chief Justice and I will certainly include the management of those funds as well as part of that enquiry. The truth will be out there and you will know who precisely stole all the money from the Western Province. It is important that we bring all these legal people so that they can clearly investigate that.

Mr Acting Speaker, in terms of money being transferred to MRDC, MRDC is managing funds on behalf of people of Western Province, Mineral Resources Ok Tedi (MROT), and it also manages MRSM and they are doing a great job. They have built an asset base for the people of Western Province, especially the landowners and the management offices includes the Provincial Government. The Governor, Provincial Administrator and other departmental heads sit on the Board. MRDC is just a trustee, a management company on behalf of the landowners. It doesn't spend money, everything is spent by the rightful landowner companies such as MROT or MRSM. In terms of Southern Highlands, we have PRK, Petroleum Resource

Kutubu, which they are managing so as a trustee they have no right to go out and spend someone else's money, they are just overlooking the management process so it is done properly so that money is accountable. No one can tell me that landowners have not mismanaged money on behalf of the other landowners, which has been the case for many years.

12/01

Mr Acting Speaker, as soon as we get down to the bottom of it, I can assure the good Member that we will release the money. And if the Member, Governor and Members of Western Province want the previous arrangement to continue then I am quite happy to allow it. And then you will see whether you will get any more projects or not. But it is better that we restructure it so that there is enough feasibility and transparency so that the projects are truly delivered in Western Province. And it's not only about Western Province alone, same thing is happening across all the other project areas. And our aim is to make sure for instance if we put infrastructure development grant of K1.2 billion in Southern Highlands and Hela Provinces, then we want to see infrastructure. But if they don't deliver classrooms, health centres or roads that are supposed to be built under this program then it denies our people the services that they truly deserve.

So that is why, Mr Acting Speaker, when the Member is talking about some of the projects, I want to elaborate here that just recently we gave a third of OK Tedi to them. They received K200 million in dividend as a direct share holdings. I am certain that MROT, MRSM and the Provincial Government will sit with him and start some of those projects.

Djoko Tjandra Case

Mr GARRY JUFFA – Thank you, Mr Acting Speaker. I want to direct my questions to the Prime Minister and it's in relation to the matter of Djoko Tjandra, an issue that I raised when this person of interest came to PNG illegally and was accommodated illegally and did business here illegally.

We have a report here produced by the Ombudsman Commission last year but was given to us a few months ago on the matter of Djoko Tjandra, who is listed on the Interpol Website as a wanted fugitive. According to the Ombudsman's report the Department of Migration and Department of Police facilitated the unlawful issuing of a PNG Passport under the name of Joe Chan and under a different birth date, 27/09/1963. Djoko Tjandra entered this country with a passport that listed his birth date as 27/08/1951.

Mr DEPUTY SPEAKER – Honourable Governor, I believe this report has been tabled.

Mr GARRY JUFFA – Yes, but I coming to few short questions for the Prime Minister, which I am sure he will be happy to answer.

We have discussed this a couple of times in his office too so I just want some clarification and I know he can assist the House with this.

Mr Acting Speaker, an APEC card was also issued under the name Joe Chan, whereby Joe Chan's passport had been falsely obtained. A number of people were involved; public servants, ex-members of parliament, et cetera. They are all named in the report.

13/01

Mr Prime Minister, being an avid reader, you have read this report.

(1) What steps are being taken to ensure that this does not happen again, whereby a person comes into the country who is a fugitive and obtains a passport illegally and then is given an APEC Card?

(2) With the crimes that are have being committed here, what is going to happen to these persons? Are they going to continue to remain working in the Department of Migrations and the Department of Police?

(3) Where is DJoko Tjandra? Do we know if he is in this country? Has he being attended to or if he is here, will he continue to move around and do business with Government and so forth?

Mr PETER O'NEILL – Mr Acting Speaker, yes, we have taken note of this report by the Ombudsman, and we have proceeded with taking a few steps, including cancellation of the Passport. I am led to believe that the APEC Card has been cancelled as a result because you need a passport to facilitate travel. I will verify that and get back to you.

Secondly, in relation to the issue of steps to mitigate these kind of issues in the future, let me say that our processes are there. It is the people that are implementing these processes that are abusing them.

I can assure you that with those people that have been named, I have given instructions that they will be disciplined. They will be removed from the public service and if there are criminal charges to be laid then it is up to the Police to lay the appropriate charges. If they have

not been dealt with, I will find out and certainly write to the Honourable Governor and inform him accordingly.

Supplementary Question

Cancellation of Passport

Mr KERENGA KUA – We all know that under our laws, only the National Court can cancel passports once issued. Therefore, can the Prime Minister give his commitment as part and parcel of the action that he will take? Now that he is going to instruct his Attorney General, who sitting at his back smiling, that starting from tomorrow his lawyers will initiate proceedings for the cancellation of that passport?

Mr PETER O’NEILL – I thank the Member for his question.

Like I said, we all know the processes and my instructions are clear that his passport must be cancelled. The Attorney General has been given the same instructions so if he has to go the National Court then he will go to get the cancellation done.

PUBLIC SERVICE COMMISSION – ANNUAL REPORT, 2017 – PAPER – MOTION TO TAKE NOTE OF PAPER

Mr ACTING SPEAKER – Honourable Members, pursuant to statute, I present the Annual Report of the Public Service Commission for 2017.

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

That the Parliament take note of the Report and that debate be deferred to a later date.

Debate adjourned.

14/01

**DEPARTMENT OF HIGHER EDUCATION, RESEARCH, SCIENCE AND
TECHNOLOGY – ANNUAL MANAGEMENT REPORT, 2017 –
PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr PILA NININGI (Imbonggu – Minister for Higher Education, Research, Science and Technology) – I present the following paper pursuant to statute:

Annual Management Report, 2017-

Department of Higher Education, Research, Science and Technology

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

Leave granted.

Mr Acting Speaker, I thank you for allowing me the opportunity to address this House on behalf of my ministry - The Ministry of Higher Education, Research, Science and Technology and my people of Imbonggu District.

Let me take this opportunity to commend and thank the O'Neill-Abel government for its continued support for the Higher Education Sector in Papua New Guinea.

Mr Acting Speaker, when I took over the Office of the Minister for Higher Education, Research, Science and Technology, I made a commitment to maintain and continue the good works of the former Ministers. Throughout this change process, I would like to commend the Honourable Prime Minister for his guidance, support and encouragement.

Mr Acting Speaker, higher education undoubtedly plays a critical role in a country's social and economic development. If PNG is to become globally competitive, we will need to ensure that higher education is equally accessible to all students and is of quality and relevance to meet economic and local needs and at the same time is relevant and responsive to global demands.

Honourable Members, higher education is the tool that will help accomplish our country's social and economic developmental needs both at national and international levels as envisaged in *Vision 2050*. The Higher Education Sector is not a burden to a nation, but rather a long-term investment.

2017 Key Highlights and Achievements

Mr Acting Speaker, despite the economic challenges our country is facing, my ministry has progressed developments in the higher education sector. What follows are the key highlights of our achievements in 2017:

Mr Acting Speaker, the National Executive Council (NEC) at its meeting on 12 October 2017, made a decision to reform, transform and unify the higher education system in Papua New Guinea.

The key strategy approved by the NEC to reform, transform and unify the higher education system is the transfer of all higher education institutions offering post-secondary education from the Department of Education to the Department of Higher Education, Research, Science and Technology. This includes all Universities, Technical, Business, Teachers, and Nursing and Miscellaneous colleges. The decision calls upon my ministry - The Ministry of Higher Education, Research, Science and Technology - to bring together under its jurisdiction these institutions.

Mr Acting Speaker, reforming, transforming and unifying the higher and technical education sector in Papua New Guinea aims to energize and unlock the minds and potential of young people to bring about brighter economic prospects; the implementation of national objectives; addressing the needs of the labour market; preparing our people for 21st century ICT requirements and innovating new industries responsive to global economic shifts and demands. These are some of the principal strategic objectives of my department as specified in the Higher and Technical Education Strategic Implementation Plan 2017-2038.

15/01

Mr Speaker, improving quality in the higher education sector was a priority activity my ministry undertook in 2017 to ensure that all our higher education institutions are benchmarked against international standards. The NEC approval of a single Papua New Guinean National Qualifications Framework (PNGNQF) is an urgent response to the emerging needs of learners of different age groups. Currently Papua New Guinea's education system has several independent sub-systems that are mostly detached from each other, fragmented and with little transparency or mobility between them.

The NEC approved PNGNQF complements the Higher and Technical Education Strategic Implementation Plan 2017-2038 and the Standards for Quality Assurance in PNG - 12 Standards for Institutional Registration and Seven Standards for Programme Accreditation.

Under the PNGNQF, PNG's qualifications must function as an academic currency on national and international labour markets.

Of note in this respect is the introduction of the new pre-service standards based Bachelor of Education (Primary)/Diploma in Teaching. NEC Decision 25/2017, directive 7, makes clear that this is an internationally benchmarked degree programme and is now the Government's curriculum of choice in all Primary Teacher Colleges.

Honourable Members, many of you have spoken to me about your desires to establish new tertiary institutions at local level. I strongly support your recognition of the need for more places. However, not every excellent tertiary institution needs to be a university. Our next challenge is to significantly diversify tertiary education, including offering more technical and vocational education. I look to you to assist us to expand the sector, so we can bring equitable tertiary access to everyone.

Mr Acting Speaker, the inaugural roll-out of the National Online Selection System facilitated the National Selections for the 2018 Academic Year. This was in response to a number of issues raised by various stakeholders, which include nepotism, and bribery. The Online Selection System has greatly improved efficiency and effectiveness, reducing cost and managing discrepancies. Under this initiative, there is a significant increase in the number of GPA Qualified Students where 47 per cent have been selected into Higher Education Institutions. I am pleased to report that 42 per cent of selected students are females.

Mr Acting Speaker, development partnerships have indeed supported young Papua New Guineans by providing scholarships to study overseas.

16/01

The Chinese Government, for example, continues its efforts by having selected 25 PNG Students - 22 Undergraduate and 3 Masters - in 2017. These students have been sent to China to study in various Chinese Universities in courses relevant to PNG's development priorities. Under this arrangement, our close relationship and long-standing friendship with China has further deepened our multi-level relationship.

Mr Acting Speaker, my ministry is also talking to Australia and China to become partners in the construction of the Western Pacific University. At this stage, my ministry is in dialogue with both governments. As this is a national project to establish a modern university for technology for the country, the main funding will come from our own financial resources. Progress on this project includes the purchasing of building materials and most of the equipment required to establish a sound and well-functioning ICT system. This is in addition

to the payment of K15 million for land. Around K5 million has been invested to build roads, put in drainage and build staff houses. However, we need additional funds to construct dormitories, a library, sports facilities and dining facilities for students and staff.

Mr Acting Speaker, let me also inform the House of the "Process for Approval and Funding of Project proposals for Higher Education Institutions". To enhance transparency, accountability, coordination and implementation, project proposals from all higher education institutions must be endorsed through the Department's Project Steering Committee. The Department will make a submission on behalf of the institutions to the Department of National Planning and Monitoring for approval and allocation of projects funds through the National Budget. Under the leadership of the Ministry of National Planning and Monitoring, there have been incremental improvements in providing equitable access to quality higher education.

Issues and challenges.

Mr Acting Speaker, it is evident that the quality of education at all levels is critical for increasing PNG's human and economic development, prosperity and competitiveness. However, insufficient allocation of resources to the higher education sector over the years has negatively impacted on its capacity to supply the much-needed teachers, nurses and skilled workforce, especially in science, technology, engineering and mathematics (STEM).

Mr Acting Speaker, my ministry through the Department of Higher Education, Research, Science and Technology launched the first Online Selection of students for Higher Education Institutions. The Ministry for Higher Education, Research, Science and Technology has developed a strategic plan to help as many eligible students as possible to gain entry to universities and colleges, to access high quality education and most importantly to ensure students succeed once they have enrolled.

The National Online Selection is the way forward for the 21st century and the need for rapid economic and technology development. Under this initiative, more Grade 12 School Leavers were selected for the Higher Education Sector.

17/01

Indeed, with the inaugural use of the Online Selection System, a total of 12,234 students have been allocated to a study program (47% of the 25,848 who applied).

All students with a GPA of 2.3 and above that met respective GPA and subject related entry requirements were allocated a place within a Higher Education Institution (HEI). First and Second Preferences indicated by the Grade 12 School Leavers were used to allocate a place at an HEI, while GPA and subject related entry requirements were used for ranking of

the selection list.

I also invited all Universities and other Higher Education Institutions to provide their input by end of March 2018 on how we could further improve on the selection process and most importantly what additional criteria each Institution would like to add to this software.

Mr Acting Speaker, the successful implementation of NEC Decision No: NG25/2017 to reform, transform and unify the higher education system especially the transfer of all higher education institutions offering postsecondary teaching to my ministry is a challenge that requires collaboration from fellow Ministers. Let me take this opportunity here to appeal to colleague Ministers. Your undivided support is also needed to reform, transform and unify the higher education sector. Honorable members, reforming, transforming and unifying the higher education system is seen by my ministry to be a 21st century necessity.

Future Interventions

Mr Acting Speaker, my ministry is determined and has anticipated a reformed, transformed and unified higher education system. My ministry's strategic focus areas, through the Department for Higher Education, Research, Science and Technology, for the next two years include: (1) Restructuring and improving staff capacity; (2) Assessing Higher Education Institutions and Establishing Centers of Excellence using the 12 Standards for Quality Assurance; and (3) Improving relevance and the quality of learning and teaching at Centres of Excellence.

The *Higher Education (General Provision) Act 2014* provides that the Department of Higher Education, Research, Science and Technology has responsibility for setting overall policy direction and strategic planning the higher education sector and for institutions. With the recent NEC Decision to reform, transform and unify the higher education system, there is a need to have the essential structure in place to effect the recommended strategies as required under this NEC Decision 25/2017.

Mr Acting Speaker, let me inform this House that my ministry, through the Department, has commenced this process by working with relevant Departments or agencies, as well institutions.

18/01

Another significant quality initiative is the development of National Training Packages that will provide consistency of technical and vocational courses offered by the private and public training providers throughout PNG. The Training Packages will be industry related and

will be developed in partnership with private and public industry stakeholders to ensure TVET courses are current and relevant and graduate job ready students.

The NEC approved the PNG National Qualification Framework, together with the Standards for Quality Assurance in PNG. There are 12 Standards for Institutional Registration and Seven Standards for Programme Accreditation, which set the foundation for equitable access to quality higher education. It is through this framework that regulatory and reporting requirements pertaining to registration, programme accreditation and quality assurance are vetted. The establishment of new tertiary institutions are subject to the PNG NQF.

Mr Acting Speaker, to effect NEC Decision No: NG25/2017, my ministry has commenced the process of establishing Centres of Excellences. Potential and existing Centres of Excellence have been identified and work has begun to improve the relevance and quality of learning and teaching at these institutions. Through this process, curricula and pedagogy will be reviewed, upgraded and aligned with the PNG NQF and the National Standards.

Mr Acting Speaker, the expected outcomes of effective implementation of the strategy will be enormously important to PNG. The benefits of education, and specifically the higher education related reforms, will not accrue immediately but rather increase over time. Thus, the immediate outcomes of effective implementation of the proposed strategy may not seem, in themselves, significant; however, within five to ten years of implementation, the outcomes listed below are anticipated.

PNG as a whole will experience and appreciate how science, technology and innovation assists the Government, individual sectors, markets, provinces and regions to meet their economic and social targets.

Each institution of higher learning in PNG will be equipped with a clear vision, a purpose and a strategic action plan. This will lead to more capable leadership in the higher education sector, workable policies, effective planning capacity and accountability with transparency will emerge.

Better coherence and cooperation between HEIs will ensure that skills taught at primary, secondary, and higher educational levels and the needs of the market, public and private sector, and the informal sector are in tune with the national objectives. Hence, there will be more opportunities for short-term, work-based training.

More research projects, technology development projects and innovation initiatives in which partners from more than one sector are involved (e.g. university, public, private, informal and regional).

Efficient, unified and responsive cooperation between donors' strategies and the national higher education strategy.

More participation of females in higher education and in science and technology related education at all levels will be encouraged including in non-traditional trade areas.

A better articulated educational system will emerge in which industry-based, TVET, and university training are linked and unified with the PNG National Qualifications Framework, providing accessible pathways and opportunities to learners participating in lifelong learning. It will enhance the capacity of people, institutions and the whole country to respond to the challenges of the 21st century, and beyond.

Reduced need for foreign skilled workers-reducing currency leakage by foreign skilled workers repatriation of funds to their home country.

Hence, Mr Acting Speaker, my ministry is embarking on a strategy that will bring about a better articulated educational system in which industry-based, TVET, and university training are linked and unified with the PNG National Qualification Framework, providing accessible pathways and opportunities to learners participating in lifelong learning. This will enhance the capacity of people, institutions and the whole country to respond to the challenges of the 21st century, and beyond.

19/01

Mr Acting Speaker, I would like to urge this 10th Parliament to support my ministry's strategies to reform, transform and unify the higher education system. Change takes time and I believe that when all stakeholders in the PNG higher education system work together, policy intentions for change will be realized. The Higher Education Sector is not a burden to our Nation, but is instead a long-term investment.

In order to support rising growth in PNG and enhance the linkages between higher education and society, my Ministry has re-examined the developmental role of higher education as a whole. The proposed strategy is a response to such a call. The Ministry for Higher Education, Research, Science and Technology is convinced that investment in the higher education sector is important for economic growth, poverty reduction and in making PNG a smart, wise, fair, healthy and happy society by 2050.

Mr Acting Speaker and Members of the 10th Parliament, thank you kindly for your attention and I recommend this report to you, Mr Acting Speaker.

20/01

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

That the Parliament take note of the Report and the debate be adjourned to a later date.

Debate adjourned.

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 4 p.m..