

SIXTH DAY

Wednesday 25 July 2018

DRAFT HANSARD

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SIXTH DAY

Wednesday 25 July 2018

The Deputy Speaker (**Mr Jeffery Pesab Komal**) took the Chair at 10 a.m.

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

Sitting suspended.

The Speaker (**Mr Job Pomat**) took the Chair at 10:15 a.m., and invited the Member for Rigo, **Honourable Lekwa Gure** to say Prayers;

‘Heavenly Father, we ask that you be with us today as we begin this day’s discussions. We come before you and present our prayers, petitions and our requests to you, through the mighty name of Jesus your Son, Amen.’

QUESTIONS

Intellectual Property Organisation – Simplify Process

Mr GARRY JUFFA –This question relates to a situation that is currently becoming prevalent and is very alarming, especially with people who are dealing with our traditional arts and crafts. I am speaking about the intellectual property rights of our people, especially in the areas of singing and dancing, weaving bilums and other traditional craftwork. Most lately we have had reports that our bilum designs are being used on bags made in China and these items are being imported into the country.

This manufactured bilum handbags carry PNG unique designs but are printed on cotton fabric, and a sewn similarly to our traditional bilums and are being sold in shops throughout. The traditional bilum has become an important income source for many of our people in the informal sector and SME. While we are trying to help our people, we are not putting our interest into protecting their right to do businesses with what is uniquely our own arts and craft.

My questions are directed to the Minister for Culture and Tourism.

Mr Minister, the IPO office is situated within your office. This office has followed a complex process for those wishing to submit complaints relating to IPO matters. It is a very long and stringent process.

(1) Can your ministry set up a simplified process to follow to submit complaints relating to the matters concerning traditional arts and craft, songs or dancing and related matters?

(2) Is your ministry aware of the manufacture of the billum designs, if so what is your ministry doing about it?

(3) How is the ministry going to protect the livelihood of our people who depend on the sale of our traditional billum?

We have given away our trade stores and security businesses to the foreigners, and now are we going to sit back and watch them take away what is traditionally ours. We also have a similar issue with our music. The copyright laws are becoming too weak or people are ignoring the fact that we have these laws and are copying our music and selling them without the consent of the singers, songwriters or the groups concerned. And our artists are not protected.

Strengthen Copyright Laws

(4) What is your ministry doing about strengthening our copyright laws to protect our singers?

Previously, the former Minister, Honourable Richard Maru, made an undertaking during his time that there will be a review done on the Reserved Business List so our businesses would be protected and we would have rights to and ownerships to these businesses.

Update Reserved Business List

(5) Has this Reserved Business List being updated to protect our people?

02/06

Mr WERA MORI – Thank you, Mr Speaker, and thank you to the honourable Governor of Northern for asking these questions.

From the outset, I would like to say that our culture and customs should not be compromised and I am very much aware of the issue concerning people who are making replicas of artefacts and craft such as bilums et cetera.

In actual fact, I tasked my department to basically find out how and why it actually happened and how we can intervene and address it and find solutions to it. So, in that way we won't be able to allow people from our countries to use our cultures in particular reference to the Meri blouse and bilums, and et cetera, so that they can be reserved for us and we are looking at that now. I asked my department to basically look at this so I can come back to Parliament and inform the House what we are doing in due cause.

In the case of simplifying the process of IPO on giving protection rights to our people, in actual fact, the legal process is more complex than easily understood. So, as a consequence, we are just basically just addressing it in that way, especially the rights where Papua New Guineans themselves have created original material that we need to patent. We are looking at it and basically what we are going to be doing now is to patent our manufactured products here and have it linked to Customs so that in the future they do not get compromised.

Mr Speaker, I was surprised to see photos of people manufacturing bilums in China and on that same day I asked my staff to go and investigate how they brought it into the country and under what process were these products approved to come through our ports.

This issue is not something that is confined in my department. Some other state entities are involved and this has to be addressed because this Government has the rights to protect the interests of its citizens.

In terms of musicians, this is a very difficult situation because it is not like in the past where the musicians go into the studio and record, but today it is all computerised and people are using flash drives and transferring music. I do not know to what extent we can go to protect our music.

In terms of traditional dances, that is our heritage and that is how we are identified. I am pretty sure that we all have a duty and obligation to our people that we must protect, promote and preserve our traditional songs.

The biggest problem that I have noticed is that we have a lot of studios that record music and songs and you don't need to be a talented singer because there are programs that alters the sound of your voice. I think we should put a stop to that and musicians will have to go to a studio and show their real talents.

03/06

If I had it my way then I will start to burn down all the studios and promote and encourage participants to show their real talents of playing a guitar or ukulele. This idea of coping songs and other unnecessary items into flash drive is uncontrollable nowadays. If we want to stop it then we must stop the production and sale of flash drives but people will always find ways to bring it into the country.

But I do note the issue of people using flash drives to copy music and re-sell them in other places.

This brings us to the most important question on the Reserved Business List. In actual fact, we have undertaken very comprehensive consultations with all stakeholders and this issue is in process but I will check up with the department because they must have sent it to the State Solicitors office for before it's presented to NEC. I will find out from the department and reply in writing on our status now with reviewing of the business lease.

National Debt Issue

Mr JOHN ROSSO – Mr Speaker, I direct my questions to the Prime Minister. Mr Prime Minister, as a member of your government, my minor concern is in relation to the front page of today's daily newspaper regarding our debt levels, which has triggered many people to call my office asking about the issue.

(1) Can you inform this Parliament and the people on the nation's debt level?

(2) Are we able to repay those debts that we incurred and is our economy in good strides?

(3) Will our tax payers dig deeper into their pockets to pay our level of debts?

(4) What sort of interest rates are we getting and are we managing it in terms of repaying our loans with ADB and other loan lenders?

Mr PETER O'NEILL – Mr Speaker, I thank the good Member for Lae for his questions.

Mr Speaker, I am equally disappointed about today's front page because it's certainly a gross misrepresentation of the facts about our debt levels and our economy.

Mr Speaker, yesterday the good Shadow Treasurer asked the question indicating that we were paying K12 billion a year in repayments of debts and the Treasurer answered the

question quite well, basically saying that our total Budget is K12 billion, and if we were just paying the debt with the entire Budget then it's unfeasible and it's just misleading.

Newspapers have an obligation to check out the facts. Just because someone stated it in this Parliament doesn't necessarily mean that it's factual. It was certainly designed for political grandstanding by the Shadow Treasurer. Misleading facts to justify political arguments but let me –

Mr Kerenga Kua – Point of Order!

(Members interjecting)

Mr Kerenga Kua – Mr Speaker, ask my colleagues to relax. This is where we debate issues. We should put our debate on an equal and fair platform before we are accused of stating misleading figures. The Government has an obligation to firstly give us the real figures of what the debt levels, interest rates and annual repayment obligations are so we can be able to formulate our questions on real figures. When you don't do that, you get this sort of approach and you have no right to complain because you mislead us in the first place.

Mr PETER O'NEILL – Mr Speaker, if my good brother from Sinasina-Yonggamugl can be patient then I will explain those answers that he is seeking.

Let me say this; the facts that the Shadow Treasurer presented are incorrect. Our position as to what levels of debt we carry and how much we repay are clearly stated in the Budgets that we present to this Parliament.

04/06

This Budget approves that appropriation and that is the expenditure levels that we maintain throughout the year. If there are going to be any changes, we come back to Parliament and ask the Parliament to make those changes.

As we speak today, the debt levels stand at about K24 billion and not in US dollars or not hundreds of billions of kina. It is around that figure. That is well below the 35 per cent debt to GDP levels that are being stated clearly by the *Fiscal Responsibilities Act*. We are well below that level because we are confined by that law on how much we can borrow. We cannot borrow over that amount.

Mr Speaker, compared to many countries around the world, I can safely say that ours is one of the lowest in the world in terms of the debt to the GDP levels for any economy. On average for government debt, we are paying around 2 to 2.5 per cent interest rate. This is because a large portion of our debts is concessional borrowing.

We borrow from the IMF, the World Bank, the ADB and the EXIM Bank of China but all are almost similar interest rates that we pay on concessional borrowings. The expensive borrowing that we normally pay is only for the treasury bills that we borrow from the Central Bank. This is not the only Government that borrows from the Central Bank. It is a financing tool that all governments use to make sure that they finance the Budgets that they present. It is a normal course of business that the governments conduct with the Central Bank every year. Therefore this is the only expensive domestic borrowing that we do.

The Government's strategy over the past few months has been to try and borrow more concessional borrowing so that we can flow down on the treasury borrowing thus reducing the interest payments that we make to Central Bank.

Mr Speaker, this is the strategy that the Government has been approaching. We have a good support from the World Bank, IMF, and the ABD in terms of the budget support that they give in the concessional borrowings that are given to us to pay back the treasury bills. We just pay as per the budget documents and the 2017 annual outcomes that we produce that we only pay just over a billion kina in repayments.

Mr Speaker, I can say that our economy is strong enough and it can sustain this level of debt. Over the last seven years, our GDP has virtually doubled from over 40 billion a year to over 80 billion a year, which means that our economy is continuously growing.

Mr Bryan Kramer – Point of Order! I appreciate the Prime Minister's claim that our GDP is 80 billion. This is misleading. We have IMF Reports, which he has acknowledged, and also ADB reports that have put our GDP around the 65 billion or 70 billion.

Mr PETER O'NEIL – Mr Speaker, I know the Member for Madang is an expert in everything. He is the Clerk of Parliament and everything else –

Mr Allan Bird – Point of Order! I think the people of Papua New Guinea expect that when we come in Parliament, we should be reasonably educated and that would be a fair expectation of our people. For us to stand up and ridicule someone else for trying to be

educated and trying to correct statements on the Floor of Parliament is something that our people don't expect.

05/06

Mr PETER O'NEILL – Thank you, it is not trying to ridicule a Member, but the Member is obviously using the internet to try and correct statements on the Floor of Parliament when the IMF and the World Bank reports are reports produced by these institutions on their assessment. But the actual figures that our Finance, our Treasury and our Central Bank puts out are official government documents, official government outcomes. That's what we can quote.

That is why if you see, even when the media reports that will come out, when the Treasurer hands it down on Friday, you will be pleasantly surprised that our economy is doing very well so try and give credit where it is due. We are not asking for you to give us gold medals but we are asking you to appreciate the facts that are before us so that you can debate on facts.

So, Mr Speaker, I can assure you that our economy is tracking at about K80 billion GDP and I can tell you that the economy is still growing. Last year's growth was about three per cent. Three per cent growth in global terms, in terms of economy, is comparable to any economy around the world. The only economy that is doing better than us is China which is growing at about 6.7 to 6.8 per cent per annum.

I can assure the Honourable Member that we can afford to pay the levels that we have set, which is below 35 per cent of GDP. Our economy is doing well and is growing at about three per cent per annum. On average, in concessional loans, 2.0 to 2.5 per cent interest rate per year and our debt repayments are just over a billion kina a year which is affordable given that we have a K12 billion Budget in our country.

So, Mr Speaker, in terms of the burden that the Shadow Treasurer was talking about on our taxpayers and our people, for the record let me say this; over the last seven years we have not increased any company tax, we have not increased any personal tax. In fact, we have increased the threshold on making sure that those who are doing their hardest in our society are not paying tax. We have increased it up to levels that are they can be able to maintain their standard of living and we want to continue to increase that level well above the rates that we have today.

Mr Speaker, for the past seven years we have deliberately not increased any tax. There has been temptations, there has been even advice from our international partners like IMF and World Bank. Their easy solution is to devalue the kina and increase GST.

Mr Speaker, that's an easy solution to take and anybody can take that.

Mr Speaker, what does that mean? It means that our small people are the hardest hit because when you devalue the kina all the cost of goods go up. And secondly, when you deal with people like IMF, don't forget the experiences of the past. We've gone to IMF before and what they did was insist on a structural adjustment. That means cutting every cost. Cut DSIP, cut the public service machinery, cut the cost of free education, cut the cost of health care, and don't build anymore infrastructure.

Mr Speaker, this is what it means when you deal with people like IMF and the World Bank.

Mr Speaker, our economy is growing. Our economy is doing well. We will be able to improve on that as we now embark onto making sure that the recovery of oil and gold prices are doing well so that our revenue collection is on target as we estimated in the 2018 Budget. And, Mr Speaker, I can assure you that we will continue to improve on that. And as soon as we see some of our major projects out there going into their final stages of negotiations and when they are concluded there will be more investments coming into the country. This means early work starting and those big investments will continue to drive the economy going forward.

So, I can assure you, Mr Speaker, we are heading in the right direction and we will finish the year in a much better shape than what our doomsday prophets are saying. So, Mr Speaker, be confident that our country is heading in the right direction.

Thank you.

06/06

Supplementary Question

Legislation for PNG Debt Ceiling

BRYAN KRAMER – Mr Speaker, my supplementary question to the Prime Minister is in relation to his comments on our debt ceiling.

During the Mekere and Somare era, in their wisdom they issued legislation to protect government from increasing debt after the PNC debacle in 1997 that ran our interest up to 20 per cent. By then it was set at 30 per cent. Since O'Neill has come in, he has increased it to

35 per cent, while he makes note that our debt is currently sitting at K24 billion. In 2011 before he came into office, the country's debt was K7.4 billion. That amount has tripled.

Our interest rate out of our Budget was K400 million. Today our interest rate repayment of our debt is K1.6 billion. So that is K1.2 billion that is supposed to go into hospitals, pay outstanding councillors and go into free education. These are the funds that are supposed to be now repaying debts.

My question to the Prime Minister is in relation to a report that came out in the beginning of the year that he signed an MOU to draw down or secure further debt from the Chinese Government of K14 billion.

Does the Prime Minister have any plans to increase our debt ceiling to change the legislation from 35 per cent upwards to accommodate for this K14 billion debt?

Mr PETER O'NEILL – Thank you, Mr Speaker. The Member for Madang's questions are all over the place but let me try and explain each one of them because he has made some references that need correction.

Mr Speaker, in 1997 when the PNC-Bill Skate-led government came into office, what the Member forgets is that, we had the Asian financial crisis, where the economies of all Asian countries collapsed virtually, driving the interest rates up and driving the economies to go into recession. That is why the economy faced the challenges that it had.

Mr Speaker, speaking of debt ceilings of 35 per cent debt levels to GDP; that is a commendable effort. We have already acknowledged that. That is a good policy and all governments should adhere to that. Within the last seven years that we have been in government, we have been living within that means because it is healthy for the country but we must acknowledge the fact that the economy is growing.

I want to correct the Member. When he talks about the surplus budgets that NA had when they were in power, yes, they had big surplus Budgets and K8 billion in Trust accounts at some given time. But, Mr Speaker, I challenge the Member to name me one decent project that they did in this country to build the infrastructure of this country and build the economy of the country within that period.

(Members interjecting)

Mr PETER O'NEILL – Mr Speaker, just complete wastage.

Mr Speaker, we have entered into a deliberate deficit Budget because we saw the need to invest in hospitals. We are building more hospitals than any government has ever done. We are building more schools than any government has ever done. We are funding free education, we are funding free health care, we are funding free infrastructure in the country. We are providing money to the neediest districts. DSIP has been funded over the past few years.

(Members interjecting)

Mr PETER O'NEILL – Last year was a challenging year. But I am quite happy to take your allocation somewhere else if you like.

(Laughter-in-the-Chamber)

Mr PETER O'NEILL – But it's not about you, I care about the people of Madang, so, Mr Speaker, we will continue to work with you on that.

Mr Speaker, I want to correct the Member about the K14 billion MOU that he claims that I signed. In fact, the Government has not signed any MOU, nor did I sign any MOU. The MOU was signed by a company that wants to invest. It is not a new borrowing. It was signed by China Rail through COVEC and their companies who are already operating in PNG. They want to invest in agriculture and projects in the country. The Government has made no commitment whatsoever in terms of new borrowings with China at present.

Thank you, Mr Speaker.

07/06

Funding for Hela Road

Mr LINO TOM – I direct my question to the Minister for Planning, Honourable Richard Maru, and ask the Minister for Works to take note.

My question relates to Hela Highway which I have mentioned in the previous meeting and I wish to make a specific reference to a correspondence by the Minister for Civil Aviation and Member for Kandep, Honourable Alfred Manase.

The Minister's letter, dated 11 July, 2018, provides preliminary scope and design for the Hela Highway that will run from Magarima to Wapenamanda through Kandep and Sag valley.

While providing the preliminary scope and design for the road the Minister has requested to be included in the MTDP and to be budgeted and funded within a five-year period. I actually requested for this road to be included in last year and this year's Budgets but it was not included.

Mr Speaker, we consider this road to be important for the two provinces; Hela and Enga provinces. They are the economic corridor road that will serve the people of both provinces.

Do you have plans to include funding for this road in next year's Budget and funding for the next five years? .

Mr RICHARD MARU – Thank you, Mr Speaker. I thank the Member for his very important question. We do recognise the importance of this road. We also realised that the people of Hela and Enga basically want to use this road to access Mt Hagen so this is a very important road.

Mr Speaker, in this year's Budget, I am happy to inform the Member that we provided K5 million for the bridge in Kandep which is the most important link for that road. I am happy to also tell the people of Kandep that the K5 million has been released to the Department of Works in full. The entire budget appropriation has been and I am expecting work on the bridge to start.

This is part of the process and next year, we will be looking at funding for the next four years to complete that very important highway. However, we have already started the process. Thank you Mr Speaker,

Confirm LLG Election Date

Mr PETER IPATAS – Mr Speaker, my council presidents are observing today's meeting and so for the benefit of the council presidents right throughout the country, I wish to ask the Prime Minister the following questions.

(1) Will the local level government elections proceed as planned next month or will it be deferred?

Pay Outstanding Allowances

(2) Can the Prime Minister give us some assurance that all the outstanding allowance that are due to the councillors can be paid before they go to elections.?

Mr PETER O'NEILL – Mr Speaker, I thank the Governor of Enga for his important questions which certainly need clarity. As I indicated to the House last week, we have sort legal advice on the issues that have been debated by many councillors and stakeholders right throughout the country.

On the issue of allowance there are some councillor's right throughout the country who have already received their allowance. There are only few outstanding but in total I am told it is just over 17 million that is still outstanding that has to be paid until the elections take place.

08/06

And in view of the request by many provincial governments and LLGs throughout the country, I have directed the Minister and his department to go back and seek legal advice. If the advice comes back, considering the discussions that we have had with the Electoral Commissioner and that they put it in writing to the Government, we can be able to defer the elections further. Then we will use the K100 million that we have budgeted for these elections to pay off all the councillors outstanding allowances so that we do not owe anybody any claims as we conduct the elections.

I can inform this House that the Cabinet will meet tomorrow and endorse the submission, which will be brought in by the Minister for Inter-Government Relations, requesting Cabinet to endorse the approval to defer the elections to April 2019. That will be the decision the Cabinet needs to approve. And it gives us time to manage this process quite easily, so that we can settle the councillors and their anxiety. And we will be able to conduct the elections in a fair and free manner.

I can assure the good Governor of Enga that the LLG Elections will be in April 2019, and I am advised that there will be no further delays after that.

ABG to Pay Service Providers

Mr TIMOTHY MASIU –Thank you. Mr Speaker. My question is directed to the Prime Minister. It is in relation to some disruptions experienced by Air Niugini flights. Planes

were not allowed to land at the Buka airport on two occasions. This was due to some misunderstanding with service providers in Bougainville. I think the Minister for Finance should take note that the service providers are owed some moneys amounting to about K15 million.

For the days that Air Niugini was not allowed to land, the company made some huge losses. It is being said that the K15 million was approved by the Prime Minister and paid to the ABG Government, however, ABG is paying in instalments and this has caused anger among the service providers that resulted in the actions taken out on Air Niugini.

Can you confirm or deny that the K15 million is available so that it will be processed and paid out to the service providers on Bougainville?

This is to avoid further disruptions to other services to Bougainville and the rest of the AROB.

Mr PETER O'NEILL – Thank you, Mr Speaker. I also thank the Deputy Opposition Leader for his question. Bougainville continues to face challenges and paying ongoing bills is another one. From what I gather, this is for services rendered to the ABG, and that people who are owed money are causing disruptions at the airport.

Firstly, it is wrong to go ahead and hold public infrastructure to ransom, especially when you have disputes. When you have services that are being provided to provincial governments and they are not able to settle it, there are avenues that you can proceed to have discussions, including talking to government and the leaders of ABG. But stopping public transport and holding up people and making threats are things this country has to learn to do away with and manage. It disrupts services to majority of the people. This includes recent reports that K5 million cheque was paid but had bounced and was not cleared properly.

09/06

Those misleading statements again build anxiety in the community, in other words they are supposed to be paid from some of those funds as well.

Mr Deputy Speaker, the Deputy Leader of the Opposition is correct, and we will be looking into that matter. I understand that the Minister for Finance for ABG and his team were here in Waigani, last week, and they have had discussions with our Treasury and Finance officials. I will get our team to respond to you on the arrangements about the K15

million. The discussions were carried out but I have not heard full briefings on that so I will not mislead the Deputy Opposition Leader but I will get back to him in writing.

Thank you, Mr Deputy Speaker.

Mr GINSON SAONU – Mr Deputy Speaker, my questions are directed to the Prime Minister and the Minister for Sports.

Mr Deputy Speaker, before I ask my question, I would like to thank the people of Papua New Guinea and the people of Lae for coming and watching the rugby league game between the PNG Hunters and the North Queensland Devils. The public behaviour was very good unlike in past events and I also want to thank the police, security and the organisers for making this event very successful and promoting our country.

Lae is growing and is attracting more people in Papua New Guinea and other countries to attend these sports events, therefore, we need to improve our stadiums such as the ones in Port Moresby in order for the people to enjoy.

(1) Before this term of Government comes to an end can the Government help build a bigger rugby league stadium in Lae?

(2) Can the Government build another stadium at the Lae Football Association Grounds?

Thank you, Mr Deputy Speaker.

Mr PETER O'NEILL – Thank you, Mr Speaker, and I thank the Governor for his questions.

Mr Speaker, let me first of all congratulate our people of Morobe, particularly in Lae for hosting the PNG Hunters Game in a very peaceful manner and very exemplary to our visitors. And from the reports that we are getting many of the QRL teams that are coming up want to play in different cities around the country. This is a best way to promote sports in the country so let us build on that confidence and experience that we have had in Lae.

In terms of expanding sporting infrastructure around the country, we are starting to work with our officials about the program that we want to roll out not only in Lae but throughout the major cities and then to the provinces, particularly when many of our provinces want to host games such as the PNG Games which occur every second year.

I can assure the Governor of Morobe that we will work together in trying to find out about the program that we will roll out but Lae is certainly a priority as well as Goroka,

Hagen and Kokopo to build big stadiums where we can hold larger crowds with better facilities and host the visiting sporting teams that are going to come into the country.

Rugby league particularly NRL is certainly showing more interest in Papua New Guinea, even the NRL teams want to come and make arrangements to play their games here.

10/06

In fact, we are negotiating with the NRL team to have one of their games played in Port Moresby or in Lae so that our people can have exposure to the highly disciplined game itself, which will encourage young Papua New Guineans, to try and get into sporting as a way of earning a living. Certainly, many of the leading sports men and women around the world get good income out of participating in sports. I certainly see no reason why Papua New Guineans cannot fully participate in that.

But in relation to Lae, we have got a very big program going on and as you know we have built a new port in Lae. We are now expanding this port by building additional facilities to ensure that the port continues to grow and do more business by ensuring the clearance of cargos are done in a timely manner.

We have of course embarked on cementing roads in the entire city, and this is progressing quite well. There are still certain sections that we need to complete. I understand that from Unitech down to one of the high schools the work has already started and we will continue to do that.

Mr Speaker, let me also tell the Governor of Morobe, that we have been granted clearance now to do the second phase of the four-lane road from 9-mile to Yalon Bridge, so that we can make sure that our people travelling to Nadzab continue to enjoy the good infrastructure that we have built from Nine Mile into the city. And that has really changed the face of Lae City. And people are now starting to enjoy the infrastructure by looking after it and we can continue to build on that.

We are now working closely with JICA to build the new Nadzab Terminal and also to expand the runway so that bigger planes can use as an alternative to Port Moresby. Right now we only have one long runway in the country and that's in Port Moresby. In case of any emergency our planes need to divert somewhere, therefore, we need to have a second international airport and that's why we are targeting Lae to be the selected destination.

Mr Speaker, I can assure the Member that we have delivered to Lae in Morobe Province in the past term of Parliament. I can assure you that these projects that we are

talking about will be delivered in this term of Parliament to the good people of Morobe and the rest of the country.

Mr Speaker, whilst on that, I also can assure this Parliament that we are working to do the same for rugby league in Goroka and Mount Hagen because they are the major sporting centres for the Highlands Region, and we will work closely with the provincial governments to expand on that.

SUSPENSION OF STANDING ORDERS – EXTENDED TIME OF QUESTIONS

Motion (by **Dr Allan Marat**) put –

That so much of the *Standing Orders* be suspended as would prevent time for Questions this day being extended by 20 minutes.

There being no absolute majority, motion not carried.

Dr ALLAN MARAT – Mr Speaker, I direct my questions to the Minister for Lands and Physical Planning and if the Minister for Housing and Urbanisation can take note.

Mr Speaker, many former public servants who have given a fair number of years of their life in service to the Government have opted to re-settle at 8-mile and 9-mile blocks. I am asking these questions only because settlers from all four regions are living there.

(1) Can the Minister explain to Members of this Parliament and for the benefit of those settlers and future public servants who are thinking of resigning or being retrenched, what the current government demographic policy is in relation to former public servants?

11/05

I believe it was the former Minister of Lands or the current one who made a promise on the Floor of Parliament that individual indisputable titles will be issued for this block settlers.

(2) Has that taken place, and if not, when does the Government propose to issue this individual indisputable titles block settlers at 8-mile and 9-mile settlement areas?

My third question relates to an incident that I personally witnessed. It was when block settlers were visited by a team. They did not know where the team came from but were told that the Duran Farm was going to be extended and that their blocks and properties needed to be moved to make space. I am concerned like every other reasonable person before lives are lost. I saw someone threatening to kill photographers who were taking photos of their block of land.

(3) Can the Minister for Lands explain what is now happening? Is that group from the Government, and what is the Government's intention?

Mr JUSTIN TKATCHENKO – I thank the Member for Rabaul for his questions.

The Settlement Suburb Programme, led by the Governor of NCD, Honourable Powes Parkop, through NCDC along with all the other Open Members because Port Moresby being the capital, has already commenced.

We have already issued titles to NCDC of six portions of land in Erima, Morata and 8- mile and 9-mile area which the Governor and the three Open Members will launch at the end of this month. It is a plan that we have been tackling to work out the exact mechanisms, programmes and objectives to ensure that we get it right. The end result will be that those individual block holders once surveyed and titled will get their titles in due course. They are not going to be threatened to be kicked out in the long term.

This is the objective over the next five years to ensure, especially in the capital city of Port Moresby, that the land is properly identified and secured. Those that have blocks whether they are Housing Commission properties or settlements or state land will be utilised.

The only issue that comes about is when we have settlements on customary land. This is where we have to deal more carefully with traditional landowners and settlers to come to a compromise to develop the land together.

12/06

But definitely, in response to concerns raised by the Member for Rabaul regarding the blocks in the settlements; it's already progressing. There are things being set up, there are studies being put forward and we'll be moving on that.

There was an eviction exercise that happened illegally yesterday which you probably saw on the social media or in the news. About 40 houses were being demolished in the

Morobe Block by a court order that was issued in 2012 and had expired. It was totally irrelevant and totally illegal.

The Member for Northeast and the Governor are on to it but once again we had rogue police officers with those people going there without proper documentation and demolishing these houses belonging to those helpless people yesterday.

I appeal once again to the Police Minister, we need your assistance to stop this rubbish. Our people cannot continue to suffer like this for selfish ethnical greed of individuals.

This is something that the Governor, the Member for Northeast and I are handling at this stage. It's an absolute disgrace what happened and those police involved who were involved need to get the full force of the law.

For public servants, there are certain programmes that are being put through for housing schemes. One is through the National Planning Department with the National Planning Office. There are over a thousand blocks of land that have already been identified, roads have been built, and power and water supply have been connected for our public servants to utilise.

Public servants can apply with Members of Parliament through BSP which the Prime Minister introduced for the housing scheme where you can get a loan from BSP with the land and settle here in Port Moresby in a nice healthy clean environment with the land available through the package that BSP now provides and the government supports.

So the situation is that there are options for our public servants to use and also for our members and of course, all our first-home buyers.

But there is land available for public servants through the National Planning Office. But when it comes to Duran Farm, it has a very colourful past with a very big problem.

That land was acquired by NCDC nearly 20 years ago. It was then somehow transferred to National Housing Commission and then from there sub-divided and previous ministers have used that as a catalyst to make all sorts of deals and all sorts of situations have come up from there.

At the moment I am working very closely with the Housing Minister and a report from my department has already been given to him on the full legitimacy of that land, its history and also the dealings, as we speak.

You've probably seen already that a former Member of Parliament has already been arrested in this regard but the scenario is that on this particular Duran Farm issue, it will be

resolved once and for all. The National Housing Commission has been given the mandate to ensure that all the land that has not been acquired properly come back to the State and then properly allocate it through the correct process. That's what we're trying to do.

It's a big mess, it's a big headache because there's a lot of different parties involved. So that's where we are at Duran Farm and I am sure the Minister for Housing will add on to that later on once he finalises all the projects and procedures of identifying the true owners of different blocks and the way we are going to move forward to ensure the land is properly acquired and done properly.

13/06

**INDEPENDENT CONSUMER AND COMPETITION
COMMISSION BILL 2018**

First reading

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

Second reading

Leave granted to move the second reading forthwith.

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

That the Bill be now read a second time.

Mr Speaker, the Independent Consumer and Competition Commission (ICCC) was created by an Act of Parliament in 2002.

The *ICCC Act 2002* replaced the former Consumer Affairs Council and the price controller functions for the Department of Treasury.

One of the primary objectives of the *Independent Consumer and Competition Commission Act 2002* (ICCC Act) is to enhance the welfare of the people of Papua New Guinea through promotion of competition and fair trading, promotion of economic efficiency in industry structure, investment and commercial conduct and protection of the rights and

interests of consumers by monitoring standards and conduct of those engaged in the production and distribution of goods and services.

Mr Speaker, competition is a tried and proven way to efficiency, lower costs and better quality of goods and services. Competition is central to the efficient operation of markets; fosters innovation, productivity and economic growth, which create wealth, improve living standards and reduces poverty. Through competition, businesses become more efficient and innovative; and the consumers and small businesses benefit in terms of lower prices, increased choice of better quality goods and services. For these reasons, the Government of PNG introduced competition law in PNG by enacting the ICCC Act in 2002.

Mr Speaker, under the *ICCC Act 2000*, there are certain competition rules that businesses are required to follow or conduct that are prohibited because they are harmful to healthy competition. Acquisition of assets of a business or shares that would have the effect, or would be likely to have the effect, of substantially lessening competition in a market is an example of prohibited conduct in the *ICCC Act* competition rules. However, the prohibition is not absolute in that businesses proposing to acquire may seek approval under the *ICCC Act 2000*.

Mr Speaker, in competition language, the process of seeking approval before concluding any business acquisition transaction is referred to as, "pre-merger notification". Under the *ICCC Act*, the pre-merger notification processes are called "Clearance" and "Authorization". They are provided for under *Sections 81* and *82* of the *ICCC Act 2000*, respectively. These pre-merger notification processes are voluntary.

Mr Speaker, for your information and information of Parliament, I quote, '*Section 81, (1) a person who proposes to acquire assets of a business or share may give the Commission a notice seeking clearance for the acquisition. Section 82 (1) a person who proposes to acquire assets of a business or share may give a notice to the Commission seeking clearance for the acquisition*

Mr Speaker, in this case a business proposing to acquire another business submits an application for clearance or authorization to the ICCC.

The ICCC assesses the application internally, then through a public consultation process and gives a decision whether or not to give approval for the merger or acquisition in question to proceed, consistent with the competition tests under the *ICCC Act 2000*.

14/06

Mr Speaker, the purpose of this paper is to seek Parliament's approval to amend the relevant provisions from voluntary notification process to mandatory notification; and create appropriate provisions to give `teeth' to the mandatory process.

Mr Speaker, having a voluntary system of premerger notification for the last 16 years have not worked well for our economy. The ICCC, as the competition watchdog, encountered a range of issues relating to potential anti-competitive acquisitions. It has also noted from its own experience and those of other regulators in the region dealing with business mergers and acquisitions, that the structure of industries and markets, such as ours, are not conducive to having a voluntary system of notification. Therefore, Mr. Speaker, the ICCC has brought these concerns to the attention of the Government to consider a mandatory system of pre-merger notification by way of an amendment to the current ICCC Act 2002.

Mr Speaker, the concerns that gave rise to this proposed amendment (in summary) were that:

(a) There were high non-compliance by companies for applying for Clearance or Authorization for potential anti-competitive business acquisitions. There were some potential anti-competitive acquisitions that were consummated without prior approval from the ICCC;

(b) There were high costs to the state through the ICCC having to investigate consummated acquisitions when pursued through the courts;

(c) It takes a longer time frame for the ICCC to investigate consummated acquisitions due to the unwillingness of the parties to cooperate and provide information for assessment; and

(d) The structure of our markets in some key industries are highly concentrated, meaning they are characterised as monopolies, near monopoly, or duopoly. Therefore, anti-competitive conducts are highly likely in markets having such structures.

Mr Speaker, having a mandatory system of notification will place the ICCC in a better position to shape the business environment, by being notified of an acquisition before it is consummated. Given that not all acquisitions will pose serious competition concerns, that ICCC has proposed thresholds to 'filter' and concentrate on those acquisitions that will raise more serious anti-competitive concerns.

The ICCC has undertaken an internal review of all the acquisitions that businesses have either sought a Clearance or Authorization from the ICCC and acquisitions that have

been concluded by businesses without seeking Clearance or Authorization from the ICCC between the periods 2003 to 2016.

Mr Speaker, the findings were concerning in that there is a growing trend of acquisitions that have been consummated without any application for Clearance or Authorization being made to the ICCC. The ICCC established that prior to 2011, businesses on their own accord submitted to the ICCC applications for Clearance or Authorization for proposed acquisitions or mergers and that there was a general compliance culture by businesses and willingness to cooperate with the ICCC in complying with the voluntary notification provisions of the *ICCC Act*.

It was not until after 2011 that the ICCC began dealing with consummated acquisitions. The ICCC believes that this came about as a result of businesses exploiting the voluntary notification process for acquisitions under the *ICCC Act*.

Mr Speaker, since then, the ICCC has been unable to undertake competition assessments of business transactions that may pose competition concerns. As a result, there have been many acquisitions that have slipped through the ICCC's radar that now pose significant competition concerns in our economy today, some of which have resulted in conglomerate-like status in PNG.

Mr Speaker, in some instances, parties to the acquisitions:

- Never inform the ICCC about the acquisitions;
- They do not seek clearance of authorisation under the *ICCC Act*;
- The ICCC becomes aware of the acquisitions once the acquisitions are completed; and
- They refuse to provide information or document to the ICCC after the ICCC had requested them to submit the relevant information and documents for a proper competition assessment.

Mr Speaker, these are the consequences of administering a voluntary pre-merger notification regime in our economy, furthermore, the ICCC incurs high costs in undertaking reviews of Consummated Acquisitions; and longer Time Frame for review of Consummated Acquisitions due to funding and capacity constraints.

Mr Speaker, the costs that the ICCC incurs as a result of reviewing consummated acquisitions are of significant proportions. For instance, a review into one of the acquisitions alone cost the ICCC an average of K3, 000,000.00. This amount includes costs of engaging experts and lawyers for instituting legal proceedings under the *ICCC Act*.

The ICCC's current resource does not sufficiently support its ability to monitor all acquisitions in PNG. Under the ICCC's current budget, instituting legal proceedings to review completed acquisitions will only increase strain on the ability of the ICCC to effectively monitor, regulate and enforce the provisions of the *ICCC Act* on behalf of the State.

15/06

Therefore, having a mandatory notification will address the ICCC's resource constraints and the likelihood of incurring legal costs. This is because, it will make it a legal requirement for businesses to corporate with the ICCC when undertaking acquisitions in the first instance.

Mr Speaker, the length of time it takes to review consummated acquisitions compared to acquisitions that were reviewed under the Clearance or Authorisation process has been a concern. It takes the ICCC an average of two years to complete investigations of consummated acquisitions or mergers. This is in stark contrast to those reviews that the ICCC undertakes when business apply for Clearance or Authorisation which takes no more than two months to complete.

However, reviews into other consummated acquisitions were completed in a shorter timeframe because the acquirers were corporative and provided the ICCC with relevant information and documents to enable it to complete its assessment in a timely manner.

Mr Speaker, by having a mandatory notification in place will increase corporation by businesses in providing relevant information or documents to the ICCC to enable it to complete its review in a timely manner on behalf of the State.

Mr Speaker, the ICCC has put together the proposed legislative amendments for mandatory notification of all business acquisitions and mergers under the *ICCC Act*.

You will note from the amendments that the ICCC has proposed three thresholds that will trigger mandatory notification. Having dealt with many applications for Clearance and Authorisation (since 2003), the ICCC's experience in this area has allowed it to create these thresholds in such a way where the ICCC will not be inundated with applications to clear because the thresholds target a particular benchmark of acquisitions.

These thresholds are as follows:

(a) Where the transaction value of the proposed acquisition exceeds K50 000, 000. It has been ICCC's experience that most acquisitions that entail competition concerns involve larger corporations that hold a significant degree of market share. At that level of business,

transaction values as we can expect are equally high. This is why the ICCC has set the transaction value at K50 000 000 to capture those kinds of acquisitions.

Mr Speaker in relation to threshold (b); that will be the subject of the proceedings today. After further consultation with the ICCC and the business community we are proposing to Parliament that threshold (b) be removed

(b) Where the total proposed share transfer is 40 per cent or more of the total shares in the company whose shares are being transferred

It is basic company law that the more shares a person has in a company, the more influence they can exert in decision making especially by way of voting rights. On that note, the ICCC decided to incorporate a benchmark for shares transfer at 40 per cent

(c) Where the proposed acquisition is likely or would be likely to result in a market share increase of 50 per cent or more of the person who is acquiring

Mr Speaker, if we include this particular provision it will be to inure, because it will involve business transaction whether the businesses are large or indeed very small, if you think about having anytime you acquire shares in a company of 40 per cent or more from the ICCC, it will be too inures and create a bottleneck and not really achieving the intended purpose of this legislation. Which is officially captured through threshold (a) and (c).

So this is what we will be proposing to the committee today to make that amendment to remove that particular provision. So we can see how the Act functions over time and any further adjustments can be made which are necessary into the future.

You will see that threshold (c) is where the proposed acquisition will be or would be likely to result in a market share increase of 50 per cent or more of the person who is acquiring it.

Mr Speaker, obviously having a larger share of the market can lead to having a substantial degree of market power. And the ICCC Act does not prohibit businesses from having a substantial degree of market power, it only prohibits abuse of that market power under Section 58. It has been ICCC's experience that for larger corporations in PNG, there is subtle abuse of market power being exerted over smaller players in the same line of business. In a mandatory system of notification, the ICCC would be in a better position to review whether the increase in market share will pave the way for abuse of market power post-acquisition.

In addition, the proposed amendments will have its own prescribed penalties for non-compliance of the: mandatory notification provisions and will also enable the ICCC to revoke or amend an authorisation hat it has granted for mergers or acquisitions.

Mr Speaker, the ministry supports the ICCC's views and strongly believes that with this draft bill, the ICCC will be better equipped to regulate and monitor anticompetitive transactions in the economy. I, hereby, present the ICCC Act (Amendment) Bill of 2018.

Thank you, Mr Speaker.

16/06

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

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

Bill read a second time.

In Committee

Bill by leave, taken as a whole.

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

I move –

That the following amendments be made:

In page 2 Clause 3, Sub-clause 1, Paragraph (b) under sub-section 3 “**COMMISSION TO GIVE CLEARANCE FOR BUSINESS ACQUISITION (AMENDMENT OF SECTION 81)**”

(a) In Subclause (1), omit “*paragraph (b)*”, and

(b) In Paragraph (c), substitute the letter “*c*” with letter “*b*”.

Bill as amended, agreed to.

Remainder of the Bill, by leave, taken together and agreed to.

Bill reported with amendments; report adopted.

17/06

Third Reading

Bill by leave, read a third time.

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

18/06

**DEPARTMENT OF TRANSPORT AND INFRASTRUCTURE –
ACHIEVEMENTS OF THE DEPARTMENT AND THE TRANSPORT
SECTOR INTO THE FUTURE – MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Debate resumed from 11 April 2018 (See page...)

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

Mr Speaker, since the Minister for Transport delivered his statement on the Floor of Parliament, I would like to contribute in debating this paper.

Mr Speaker, I will start with the third level airlines because I have some experiences in relation to that in my district. We have put some money from our DSIP into purchasing a Twin Otter which is currently operating in my district. While it is operating we were encountering numerous problems within the industry. I will start off with the issues affecting the operators.

Mr Speaker, we do not have operators in Papua New Guinea since Talair left. We must understand that most of our people live in the rural areas and not all those areas are accessible by road. Air transport seems to be the likely choice of service for those areas unfortunately, we are having problems. We do have the recently formed District Development Authority but we are still have issues understanding the roles of the 22 provincial administrations and the 89 districts boards that are currently operating.

For many years before the DDA boards came in, we were using the JDPBPC. And from my experience in the Morobe Administration, we are finding it difficult to know who takes ownership of the airstrips. It has come to a situation where the only airstrips that are operating in the rural areas are supported by business people in that area. For example, a trade store owner needs that airstrip to be open in order for his business to survive. He therefore

foots his own bills to make sure that he provides for the grass cutting and the maintenance of the airstrip. He or she also organises for the fly in which is usual on a chartered basis.

Mr Speaker, for some airstrips who do not have those have closed. We are talking about many of them that have been closed. I am very happy to know that in the last term of Parliament the then Civil Aviation Minister, Honourable Davis Steven, came up with the RAA or Rural Airstrips Agency.

This agency is now providing for up-keeping and maintenance of airstrips in partnership with District Development Authority Boards and Chairmen who are the Members of Parliament.

Mr Speaker, some of those airstrips have collaborated with RAA and they have taken the ownership of airstrips to make sure that they bring it up to standard. I would like to see that we make RAA mandatory. We must not give options to Members of Parliament to choose whether they partner or not. They have to come down and meet the mandate so that those of us who have airstrips will not have choices to choose amongst their airstrips but cater for all of them. They must by law go and partner with RAA so that we take ownership of the airstrips.

Some of us as Members of Parliament do not really have a concern about airstrips so when RAA came and asked for us to join, only a few put up their hands. Therefore I believe that we must make it mandatory in Parliament that all Members of Parliament in the 89 districts including the Governors who have rural airstrips must partner with RAA.

19/06

On top of this Mr Speaker, we do have a problem in terms of fuel. Most of the aircrafts that are operating in the rural areas operate piston engine aircrafts. Therefore they need avgas (aviation fuel). Most of the operators in Papua New Guinea are importing avgas in containers from Europe.

Now that begs the question of the existence of Napa Napa Oil Refinery. What fuel is this refinery in Napa Napa producing? And yet we are now looking for avgas to support our rural airlines in Papua New Guinea.

I hope that the Minister for Petroleum can take note of this and make sure that out of the product lines produced at Napa Napa they must produce avgas because a lot of planes manufactured at this time and the ones that are brought in use turbine engines and so it uses JetA1 which is common. You can buy it anywhere but avgas is scarce and most of the airlines

operating in the rural routes of Papua New Guinea use piston engines. Therefore we must make sure that we produce avgas in Papua New Guinea. If not, we should give them tax holidays when they import those containers into Papua New Guinea or failing that we should reduce tax to a negligible level so that the operators can afford this. At the end of the day our rural people need that service.

I will give an example why it is hard to move out of a rural area. A teacher in a rural area may earn between K300 to K600 and to travel to my rural airstrip in Garaina from Lae costs about K450. So if this person gets in one run of the aircraft in the same fortnight, he has to stay for three or four fortnights and then sacrifice two of his fortnights to fly into the urban area to get his pay and collect his supplies and return to his post.

So, it is very difficult when we talk about transportation in Papua New Guinea and that is why we have to bring our attention back to make sure that we make the fuel available and do it in such a way that we support the operators of third level airlines. And for the small aeroplanes which service Papua New Guinea, we make sure to remove taxes on fuel and spare parts they import.

And I am also happy to stand hear and congratulate the government. In the last Parliament, under the O'Neill Government, we removed the landing taxes imposed on the small aircraft operating in Papua New Guinea. They are now very happy with that and they are operating. At least we gave them some relief but there are still more to be done in that sector.

Mr Speaker, I'd like to also bring our attention to roads. Now, because I am from Morobe, I will talk about the road that is proposed to run from Lae to Port Moresby. Now we do have many options available. One is to have the road run from Menyamya down to Kerema. Another option is to have it from Morobe to Oro and then connect from Kokoda to Port Moresby. The other option is that the Member for Goilala and I have our roads close to Kapaipa, Kapaipa are the Goilala people in my district and Kunimaipa are those Goilala people in Goilala District.

So there are many options that we can choose to build the next highway linking Morobe Province and Port Moresby. I have taken a particular interest in that road because it will open up the corridor for agriculture. In those hinterlands we have a lot of agricultural opportunities. I have trekked a lot of these bushland from Menyamya up to Goilala, on to parts of Kerema and Morobe and saw a lot of coffee trees which have grown into big trees.

During Talair days they used to ship coffee beans out by aircraft but when Talair wound up, the coffee trees were left to become jungle trees. If we open up this highway linking Lae and Port Moresby I believe we will open up and unlock a lot of potential in agriculture, especially coffee and on the low lying areas, cocoa. Cocoa can be grown in the Garaina Valley and parts of the Gulf Province, especially the low lying areas. These can also assist in Kairuku-Hiri Electorate where the roads are going to link up.

20/06

But I want to also take us back to the airline and shipping businesses in the country.

Mr Speaker, I believe that the link between Lae and Moresby can generate within a K100 million for Papua New Guineans if we take it back from the airline industry and shipping industry which is dominated by shareholders from overseas. If we open up that highway, I believe that we will bring a lot of benefits to our people. The PMV buses will travel the highway so they will be the substitute for aeroplane seats which we purchase for an expensive price from Lae to Moresby and this will in turn generate money for the PMV operators. The truck owners and twin steers and semi-trailers that travel the highway will benefit.

Many Papua New Guineans have invested in these trucks so when we open up this road all these containers instead of being transported on the ship they will be transported by trucks. This mean that our perishable goods like vegetables can make it on time into Port Moresby shelves. Those are the benefits that we will have if we open up the highway link between Port Moresby and Lae.

Mr Speaker, not forgetting the highway link from East Sepik to West Sepik and I am very happy to learn that our government is linking up the Southern Highlands down to Western Province and will link up Port Moresby very soon. Those are the economic roads that will boost the economy of Papua New Guinea. I am also happy to know that the East and West New Britain Highway has been opened up and you can travel during dry weather. Maybe the Governors of the two province can set up bridges for their people to use when travelling during wet season. We can build highways and later improve it by making sure that we put in better bridges and better roads.

To finish off, I want to speak about my district. I want the Government to recognise districts that have resources that are bringing money into the country and prioritise them. This is because when we make them priority, the money will be invested back into our economy

so that the Government can make enough to take care of less districts with less economic activates.

Mr Speaker, for example in my district, I have Zenag chicken, which breeds and sells chicken, PNG Forest, who sells timber and Hidden Valley Mine producing gold. And I am proud to say that Hidden Valley just made record production. The highest since they have started operations and it is good for our economy because when they make more money, more tax is going back into the government coffers, more royalty is going into the provincial government landowners and affected communities and there's more spending for the region in Morobe. The point I am getting at is, since 2009 when Hidden Valley started operations, this road has been used by many vehicles. Many vehicle operators complain that their maintenance cost is increasing while their profit margins are shrinking. The local PMV operators are also affected by the potholes created by the huge trucks used for the mine operation at Hidden Valley. Since 2009 up until today, the road condition has worsened from bad to worse, so can the Government allocate some money to fix this road in our next Budget? The gold production has picked up and they have mined very good grades of ore body, this means more money for our country to cater for the increase in fuel price increased, and the supply of manpower has increased and it helps the mining operations.

21/06

Transportation is very important in our area because we need to transport coffee from Menyamya, and Biaru. Parts of Goilala also grow coffee and will use this road. We should not look only in the Wau-Bulolo areas but also in Pogera where the mine is operating and if the roads are deteriorating we should pay attention to that too.

We should look at other areas where gas and oil is accessible we must pay attention to them and fix those roads. It is like we have to care for the golden goose so that it can lay golden eggs.

Mr Speaker, I support this paper tabled by the Transport Minister on 11 April, 2018. We debated on this but it was deferred until now. I am grateful and thank Mr Speaker for giving me the opportunity to speak on aviation and road/land transport issues in Port Moresby and especially the roads in my district.

Mr SASINDRAN MUTHUVEL (West New Britain) – Thank you, Mr Speaker. I also want to make my contributions towards the transport sector.

Firstly, I would like to congratulate the Minister for Transport for presenting this paper that showcased the achievements made by our government. Our government has made process.

Mr Speaker, there are three modes of transport; land transport, maritime and aviation. I am particularly interested in the shipping services especially when we have 15 Maritime Provinces in our country and it is time to establish the national shipping services program that can service regional areas as well as coastal districts.

We have 90 per cent of coastal village in the Kandrian-Gloucester Electorate and in the Talasea district we have two islands; Vali and Vitu. People in these areas depend entirely on shipping services.

Mr Speaker, after the *MV Rabaul Queen* accident many private investors refused to invest into the shipping services.

I think it is now time for the National Government and provincial governments through a collective effort invest and establish a national shipping services program which should be spearheaded by our Transport Ministry. We should all support this program so that our people in those coastal areas will benefit. We are quite disadvantaged economically. Although we produce a lot of commodities like coffee and cocoa we are unable to transport them to West New Britain town due to lack of proper maritime transport services.

However, we contribute in improving the economy of Morobe and East New Britain because they have shipping services operating in their provinces who normally ship the produces back to their provinces.

This is a very important challenge and service especially within the New Guinea Islands and other maritime provinces so we should not ignore it. Through such services we can also realise the economic potential when using these shipping services.

Mr Speaker, copra is charged at K30 per bag to be transported. This is because there are less service providers in this sector that is why it is one of the most expensive. And also the sea transport is very risky and a dangerous mode of transport in our country.

In Thailand or Hong Kong there are a lot of sea transport available for people. But we are blessed with a lot of coastal areas and we can also improve tourism in our country if we improve the transport system in the shipping services.

The *Alotau Accord II* identified plenty of this missing links and while we are identifying the missing links to budget and support, the maintenance of existing roads is extremely important as well. We have built many roads but we are not maintaining them

properly because we are not allocating funds for such maintenance work further causing road deteriorating. Therefore, it is extremely important to identify, allocate funds and maintain these roads. The roads can directly translate and improve the economy by putting additional funds into government pocket.

22/06

I want to briefly say something about the roads leading into and out of the oil palm blocks. We have about 1 250 kilometres of oil palm road that stretches out from West New Britain; about 780 kilometres. These includes the ones in Milne Bay, Oro and New Ireland provinces. A study carried out by an engineering firm SMEC in 2012 revealed that if we have K64 million we can fix the 1 250 km of oil palm road.

If we invest the K84 million to fix these roads it will directly increase the production of the palms by another 10 per cent. That means we have additional revenue in terms of tax revenue and income for people as well. If these roads are fixed the oil palm growers will not depend entirely on the companies to transport their fruits. When the companies are transporting the fruits, they charge K65 per tonne in transport fees. If the roads are fixed the farmers with the help of the government can transport their harvest to the mills and they receive the full cost of their harvest instead of paying for transport costs.

Mr Speaker, there were many missing links identified, in this study, especially the road connecting Kandrian to Kimbe. I say a big thank you to the Department of Works. Through the National Government and support from JICA we have brought some machines and there is less than 10 kilometres of road left to complete. Though it is not a permanent road, it will however connect the people of Kandrian to Kimbe, because a lot of the produce from Kandrian and Balivi never reach Kimbe but end up in Lae or Kokopo to export out of the province.

Mr Speaker, another national issue which I would like to acknowledge is the proposed rural airstrip agency that was established by the former Minister for Civil Aviation, Steven Davis. And through this program, where there are no proper roads, that is the easiest way that we can provide service to rural areas, not only in my province but in other provinces where mission agencies use small aircrafts to service these rural areas. The Government must support these missions and their efforts because where we cannot go, these missions are the first to get there.

Air Niugini is our flag carrier but they have not invested so much in providing service to the rural areas and we purely depend on the mission agencies and private air services. As a frequent flyer with Air Niugini, I have noticed that many times the Business Class seats are half empty. Of course I cannot afford to pay K20 000 to K25 000 to travel to Singapore, of course we pay up to K5 000. Another countries when you check in at the airport, they will tell you there are some seats available and if you are willing to pay an extra two to three thousand then they will have access to another level of sitting arrangements, but for Air Niugini, you have to bid for this arrangement online but many times the online bidding website does not work. The turnover for Air Niugini is K1 billion but its expenses are K1.1 billion. So I think it is about time we find some innovative way to support the revenue for this company and bring in some changes into the management of the company where it is seen to provide full services and make profit as well.

I also want to thank the government because through its transport program, we were fortunate to have 12 bridges built in WNB. This is part of the New Britain highway. And I want to send a big thank you to the Minister for Communication and Energy for supporting this idea, because as we all agree, it is the tourism capital of the country.

23/06

So, if we connect the East New Britain Highway which is about 450 metres, it can become an economic corridor because all along the road there is a potential agriculture land available.

Mr Speaker, oil palm is not specific to West New Britain alone. In East New Britain they have almost 20 000 hectares of planted oil palm which exist there. There is sparse land available to improve agriculture along this road corridor

So, I want to give my support to connect this road from East New Britain to West New Britain and also I would like to say thank you to the Government program through the Asian Development Bank for building these 12 bridges that are part of this highway.

I would also like to extend my thanks to JICA, not only in West New Britain but throughout where they are giving the much needed transport infrastructure throughout the country, particularly in Bougainville where they built 15 bridges and the two major bridges, Aum and Kapium in West New Britain which cost about K94 million, where JICA will complete in the next 10 months.

I would like to support the Government in this partnership program with ADB, JICA and various other donor agency to support these much needed infrastructure because this road and bridge infrastructure can be directly translated from the economic activity in terms of tourism activities, agriculture activities in our country.

In terms of land transport, it is specific to each province because it depends on the road infrastructures that are available. Sometimes it is very heart paining to see our people being transported like animals in an open-back truck and also in a banana boat in a very high risk situation. These are areas that we need to invest in so that we can bring in some decent transport. When we travel overseas we enjoy all the public transport in the country whether it be trains, public bus services but here in Papua New Guinea it will be really hard for a member of parliament to travel on a PMV to travel because we know the quality of our transport services.

Mr Speaker, these are areas that we really need to improve through our transport agencies. When the roads are built they come with specific standards that can cater for the load in terms of weight and many times we ignore the standards and we allow big trucks like oil tankers or logging trucks to use these roads and they damage the road infrastructure. We have to devolve some kind of policy to the provincial government so that these trucks must meet the road standards.

Mr Speaker, this is my contribution to the transport sector.

Thank you, Mr Speaker.

Mr MEHRRA KIPEFA (Obura-Wonenara – Minister for Labour & Industries Relations) – Thank you, Mr Speaker. I also want to join in to thank the Transport Minister for this Ministerial Statement.

I would like to focus my discussion around the rural airstrips in support of the Minister for Communication, who also made a mention of that. I think rural airstrips in the country need a facelift for the transport to and fro and the maintenance of the airstrips. For so long it has been discarded but a lot of our people in the rural settings depend on the fly in and out of the third-level airline. The small airlines such as SIL, MAF and other commercial airlines have been a very good link to our people in the rural areas.

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I just want to elaborate on two points mentioned here and it will very much help our rural population. Firstly, those of us from the rural districts would have a fair idea on the Medevac services. At times we face a lot of difficulties to bring a patient from remote areas and we even dig deep into our DSIP to transport a patient through this service. There is only one aviation industry who fully supports and carries out this medevac services and that is none other than Manolos Aviation. They have been serving a lot of rural districts, particularly most parts of Morobe Province, Milne Bay, Eastern Highlands, Chimbu and New Ireland, et cetera.

The amazing thing that this particular aviation does is that when there is an emergency call from anywhere the pilots just go. They don't ask for payments first. They blindly fly to the designated places to fly the sick person. This is one of the amazing thing that Manolos Aviation has been practising over so many years in some of the remotest areas which are not linked by roads.

For the benefit of this Government we must seriously consider such aviation industry that serves our rural folks because they have the heart to truly serve the people in much need. In support of that we must assist them with whatever they request so that they will continue with their services.

The second issue that I want to mention is about the air freight charges. The people living in most of the remotest areas depend on small aeroplanes which is their only mode of transport. Most of them cannot transport their organic coffee and other garden produce to sell because the freight cost is too expensive and they cannot afford it.

Therefore, I appeal to concerned Ministers through this Government to seriously consider our people from the remote areas and try and subsidise the freight cost so that they can transport their daily produces to markets to earn their living.

Thank you, Mr Speaker.

Mr WERA MORI (Chuave – Minister for Commerce and Industry) – Thank you, Mr Speaker. I also want to join in with my other colleague members to contribute towards the debate on the statement presented by the Minister for Transport.

I would like to focus on the district roads but before I contribute my sentiments, I also want to touch a bit on the national highways.

I am so thankful that our development partners whether it be ADB or EXIM Bank of China for the funds to develop our transport infrastructure and the upgrading of the national highway that links Lae to the rest of the Highlands provinces.

Mr Speaker, it is very important that someone who travels along that highway on a regular basis sees the significance as to how we can find some lasting solutions or methods where we can maintain this important infrastructure.

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Mr Speaker, given the recent phase of development up in the Highlands, the volume of cargo up along that highway increases substantially. Because it increases dramatically we are not able to be in a position as to how we could design our roads so that they can sustain those loads.

During the coming rehabilitation of the highway, these points must be noted. One in particular is a problematic section and I have raised it so many times when I was a backbencher. I am talking about the Chimbu section of the Highlands Highway.

The contractors must have proper design of the roads. We need to control the water so that we raise the road above the water tables. If we don't then we will continuously lose. For us in the Chimbu Province where we have a high population density, we depend on those arable land for our sustainability. We have to do that so that roads do not slump down during the movement of vehicles. This has been the case over many years and which I have brought up on Floor of Parliament on many occasions.

Mr Speaker, I would want to now talk about the district roads. The national road beneficiaries are mainly the project developers and those big enterprises. But what about the small people who live in the villages such as the people at the back of Jimi or in Marawaka or Obura-Wonenara where the Minister for Labour comes from including myself from the electorate of Chuave?

Our population is rural based and they produce quality coffee that must reach the markets but because of prolonged wet seasons, thanks to Mother Nature because of global warming, we are not able to have those roads fixed even with our DSIP. Many of our farmers in those outlying districts suffer as a consequence.

Mr Speaker, I would like for us to see that in the course of borrowing, we must borrow substantially. There is nothing wrong in borrowing money to fix our problems. I would like to see that we can borrow so that we can fund every district at K20 million each.

This will amount to less than K2 billion so that each district can be able to fix their roads, jetties or airstrips.

When we put money on national highways, which is significant, they sometimes become sunk costs. There might not be as much return on them as expected. If we, however, put on the district roads, we will get those products in the outlying areas to the markets. I am one of those that support the borrowing of money to fix what is really needed in this country. I believe in fixing our rural road infrastructures.

The day after tomorrow is Friday and I will be attending a ground breaking ceremony together with the Member of Karamui-Nomane. We are building a road at the back of Chuave to link up with Nomane to Karamui. We are doing it out from our DSIPs but we need the support. These are the missing links that must come into the main frame of the Budget.

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There is nothing wrong with borrowing to fix our people's problems. We are not going to borrow money to help ourselves, we are borrowing money to fix the problems that our people face.

Having said that, in the line of transport, we must look at other cheaper forms of transport, especially shipping services. We can't bring in cruiser ships to basically link Port Moresby with Lae and the rest of the country.

Our people deserve, not only a cheaper form of transport but a relative level of comfort while they are travelling. If this can be done in other countries I cannot see any reason why it cannot be done in Papua New Guinea and subject our people to travel on outboard motors. I have lost count of the number of times I've travelled on boats with outboard motors and I know what it feels like.

But, thank you, Mr Deputy Speaker. I must commend this Government for its foresight to open up Nadzab to international standards and bring in aeroplanes directly from other countries. Nadzab is the main link to the population base of this country. This is the main link where you have got access to many people, and I am so fortunate that Nadzab will be improved so that we can have services.

Whether we are opening up new airstrips or whether we are putting new jetties, building new highways or district roads or fixing them, in actual fact what we are actually doing is contributing to the economy of this country because those roads, those transport infrastructure become new avenues and they serve as economic corridors.

Thank you.

Mr RICHARD MASERE (Ijivitari) – Thank you, Mr Speaker.

Like the other Members of Parliament, I just want to add a little bit of value to the topic of transport.

We all know that transport infrastructure covers three areas, that's air, land and sea. Some of the members who spoke before me spoke about air transport as being one of the most expensive mode of transport in the country.

We all know that the best way to reduce the cost of airfares is to build roads. And if we build good roads we will find that the costs of airfares will come down. I want to use Australia as a classic example. You can drive from Brisbane to Sydney and because it is easier now to drive from Brisbane to Sydney the airfares from Brisbane to Sydney can be around AUD\$99.00. So you can see the significance of the impact of what the road does to the cost of airfares.

But the point I am trying to emphasise here and I'll be brief is that some time back in this House, a former governor of Morobe raised the point about the possibility of building railways in the country.

Now I notice that in our planning we have not captured this because if you look at railways it is one significant mode of transport that can significantly reduce the cost of transporting goods, transporting mass number of goods and mass number of people from one point to the next.

In my view, I think as a vibrant Parliament let's look to the future. Let's plan ahead about our ways or modes that we are looking at to start to build our infrastructure. If you build roads you will find that building roads is expensive but also maintaining it is another massive expensive cost to the government and the country.

But when you build railways your initial costs will be expensive but you will find that the maintenance cost of is a lot cheaper. And you can load hundreds of thousands of people on the train and transport them to say Port Moresby to Lae or Port Moresby to Wewak.

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These are possibilities and potentials that the Government can seriously start looking at how best they can transform the transport infrastructure in our country. In my opinion, when the former Governor of Morobe raised it at that point in time, it may have sounded like

an idea too big then. But today, the reality of even transporting raw materials up to the mine sites and transporting the mine ores that they extract out of the mines down to the coast, the railway is the cheapest mode. You can be able to transport all these things. When we look at it, there are different types of rail, you can use electrical or steam. Why can't this Government start talking about the possibility of looking at this.

I believe if we look at this mode of transport as our way going forward, we will solve a lot of problems with our current issues we have with roads right now. We can link up Gulf and Western provinces and Central, Milne Bay and Northern Province, going up all the way to Lae, Wewak, and Vanimo through railway connection. Yes, it may be expensive now but we have good development partners who can come in and provide aid to help us build such infrastructure.

Let us not think about the cost of building it but what the future holds for us as a country in terms of growing industry in building infrastructure. I also need road. The Governor and I need to link our roads so that we can travel by a vehicle home, instead of getting on a plane. This can happen for us. When we look at Ancient Rome, they conquered the world not because they had the best army in the world, they conquered the world simply because they built roads. When we build roads, the roads will change and improve the economy of our country. You can do research and you will see that the growth of any economy runs in parallel with infrastructure like road development.

We can grow our economy by simply building roads. The Roman Empire not only conquered nations but they increased their trade simply by building more roads and connecting themselves with other nations and they were able to improve the economy by trading with other countries simply because they built roads. We can trade with ourselves. Northern Province can trade with Western or Gulf provinces. Let's build roads or railways and let's start connecting all the provinces.

I believe when Papua New Guinea is connected by roads, the economy will transform, it will become one of the strongest in the South Pacific and maybe to some degree we can beat some of our Asian partners. We have the potential. We have the wealth in our land, food in our land. China is saying that by 2020, they will be 15 per cent short to feed their population. Papua New Guinea has the potential to capture that market and start trading with China by providing rice for them. Let us grow rice, provide sweet potato and English potatoes. One of the problems we have is, Papua New Guinea is still considered as one of the most expensive countries to trade with. So, how do we reduce the cost of our commodity?

How can we reduce the cost of our agriculture produce if we continue to trade as we have? We have to reduce cost and the best way to reduce cost is to build roads. You can transport a container from Northern Province, put it on a ship and transport it to Port Moresby, but it will cost K7000. But if you transport it by road it may cost K1000, so the cost savings is K6000. The impact on the cost of goods will drastically reduce, making Papua New Guinea a country to trade with because not only do we have the commodity and cash crop but at the same time it is cheaper to trade with us. These are potentials and possibilities we can look at but in my view, I think as a Government, we should start planning a railway system. We should start talking about how we can link our provinces building railways to link the provinces.

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Mr Speaker, I am also thankful to our Government now that they are investing into improving the terminals and airstrips but one of the biggest one that we need to concentrate on, Mr Speaker, is our rural airstrips.

My people in Wanigela, on the border of Milne Bay, before travelling by air, need to get on a dinghy. And it costs them almost K150 to travel to Tuffi. And to get on a flight costs them K400 to get to Port Moresby. So, the cost to travel there is very expensive. To reduce the costs, we have a smaller airstrip at Wanigela where we can directly board the plane from there, but we need to upgrade that airstrip. It will reduce the cost for our people so that they can travel a little bit cheaper to fly on a third level airline into Port Moresby.

I urge and challenge the Government. Now that we are concentrating on building the airports please capture it in our budget planning. The Minister for Planning is not here but that is something that we should do capture it in our Budget and planning and work in partnership.

We should not only rely on the Government to invest in this because there are logging companies in the country too. We can talk to them to help us in these areas. We can tell them that they are harvesting our logs so in return what are some of the things they can do for the community, apart from building classrooms or upgrading aid post. We can ask them to look at upgrading the airstrip in that area so that we can land a plane there.

If there is a standard, let us get it from the Rural Airstrip Authority and give it to this companies and ask them to upgrade the airport and make it accessible for the planes to land. In that way, sometimes the Government needs not spend the money instead of asking the developers and the investors to help us. Let's think outside the box.

I encourage the Government today, that any investors who come into our country whether it be for mining, logging, fisher or whatever it is, this is the time to put it on the table – if you want to go into this community, this is what we want you to do; to build the roads and fix the airstrip.

These investors will not have any issue. They will want to help us for taking our logs. They are open to suggestions and ideas. And so as a government that is interested in the people, rather than fight all the time and prevent certain developments, let us look at it on a broader scale and seek help to improve our standards in the rural community.

I noticed that over time Papua New Guinea towns and cities will expand. The main roads are normally 10 metres away from the smaller roads. That is the gap between you and the road. I think it is also about time we look at expanding that because over time this country will be over populated. When that happens we will build double roads. We might build 4 or 6-lane roads in the future. And mind you, it will happen.

If we care about the future, we must make the decision for the future now. I lived in Lae for 20 years. Our Chinese brothers bring their stores right to the mark of the ten metre so if we have to expand the road, they will have to pull the entire store down.

So as a government these are some of the things that we need to plan and make sure that apart from talking about infrastructure, we need to look at a bigger picture. How best can we be able to grow our infrastructure? Thank you.

Mr JOE SUNGI (Nuku) – Firstly, I thank you for giving me the opportunity to speak on this very important sector of Transport.

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When I contested in 2012, my people of Nuku came to the provincial headquarters and told me that they did not want anything but roads. They said, if you give us a road then we will be very happy and you can go about doing whatever you are to do.

I followed up with their request and made sure to deliver what they wanted. I want to say here that in my district there are no big contractors and there is no presence of the Department of Works. Most of the roads that were built or maintained in the district have been fixed with the machines purchased by the district.

Mr Speaker, it is most important that I acknowledge the Government for its policies and the shift made since 2012, according to the *Alotau Accord*.

Mr Speaker, it was not a very difficult thing that happened, it is a simple shift in the Budget from Waigani to the provinces, districts and to the wards. It is the policy shift that makes the difference. You can have all the nice dreams and plans but if you do not have the money, then all these dreams and plans are nothing. Without money you cannot do anything. I believe over the last five years, some of us have used this opportunity in policy shift of the development budget to implement some of our plans and dreams.

I would like to commend the Prime Minister and his deputy who was then the Minister for Planning and he was instrumental in making that decision work. Previously, less funds were given to the provinces and, therefore, the districts and LLGs and wards received less or nothing at all. For nine years as the Provincial Administrator, when I go to my district, I used to walk three hours, with my family. Many members will relate to what I am saying here. Under my administration, my province was performing but I walked with my family to show that my district was not performing because I had to still walk to the village. And I believe that many of the members can relate to their own districts and how you found yourselves to be elected into Parliament.

Transport sector is the key to any other development. You can build a very expensive and well equipped hospital but if there is no access to this hospital; how will you have patients coming to be served or be seen in that hospital. It will be just a monster sitting there, because how can you expect the sick to come to the hospital when you have not created a way for them to move to and from the hospital. How do you expect them to walk for nine hours or even three hours?

Firstly, you must sort out the access and then move onto building facilities. My point is not about the money anymore. Since Alotau, the Government has made the right decision and we are now going forward. It is now about aligning our plans and priorities. Planning has to go back to the system where you rate the provinces from the least developed to the most developed, in terms of infrastructure and the services like education and health.

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The minimum for each district is K10 million, and that is set. This can be aligned with other donor funding and merged into the plans and priorities of the district. For example, in West Sepik, Telefomin will still continue to be the first priority in terms of allocation because it is a more difficult district in West Sepik.

In Central Province we all know that Goilala will still get that attention. So, I think what we need is to meet and align our plans together on the standard that you have measured in the electorate, province or district. I know that most of our donor friends that are coming are being controlled by ministers and directing them to go to the well-off electorates which are already developed.

So, my point is, if Goilala, for example doesn't have a good road connecting them then that road should be the one given priority. I keep on saying that this 'D' and 'P' in NCD doesn't apply; 'P' is Province and 'D' is District.

Mr Speaker, you have been former minister for Inter-Government Relations and you are aware of this because province and districts do not apply because moneys go missing so we might as well call them Electoral Development Funds like 10 to 20 years ago when the Electoral Development Fund was K50 000. The Minister for Works can correct me, if I am wrong.

I am referring to the current situation. I am not blaming anyone but what I am trying to say is that can we look at each individual district and also the Maritime Provinces such as Milne Bay and Manus where you need good maritime transport systems like ferries. We do not see them operating here in our country.

So, why can't we be innovative and try to align our programs and funding. I do not see any problems with funding and I think what we are doing is duplicating jobs and stepping on each other's toes. For example with the road transport, the National Government is responsible for the national roads and provincial government are responsible for the provincial roads. From my understanding national roads connects one province to another, and provincial roads connects districts within the same province and the district road is the road that connects the LLGs.

In my case in Nuku, I purchased and I outsourced the contract management from Bougainville so there is no presence of the Department of Works in my district. We are building the roads ourselves.

And the result after the last five years is you will now see 25-seater buses traveling into the districts. That very road that I used to walk on five years ago when I was a PA now has buses running on it. It has happened like that because it is my responsibility to build the LLG roads. It is the provincial government's responsibility to link districts and as for you the National Government, you are responsible for linking the provinces. We can budget properly

and we spend it well on the roads instead of having donor agencies allocating money to the same roads.

So, can we just get ourselves organised and align ourselves and identify which roads are to be under national roads, provincial roads and district roads to allocate funds to them. I am not very keen with the road works going on in NCD. How are you going to address the roads in Goilala because it is a very remote district in terms of transportation?

Mr Speaker, I want to say that we should not be talking about the money because we have more than enough.

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We have to sit down properly and discuss amongst ourselves on how best we can handle this shortfall. How do we bring in these development assistance to support our districts that are still struggling? You must point to the school and health centre and don't point to elsewhere. For instance, all the teachers were trained to teach all the students, they were not trained to walk long distances. Therefore, they must be transported by boat or car and go straight to the school to teach the students in the classroom. They should not be struggling in the middle of the deep sea and die. We should get our priorities right because the teachers are struggling big time and so we have to step in and assist them.

As for my district I constructed the roads purposely to link all the schools so that all the teachers can have easy access to town in a car and back to school; that's our responsibility. As for the Maritime Provinces, we should provide sea transport for them to travel back and forth.

I quite agree with many of you speakers that PNG is one of the most expensive countries in the world in terms of transport costs.

Here in this Parliament we have some qualified and experienced leaders like the former pilot for Air Nuigini and now the Member for Rigo who can assess this situation and can contribute also.

Mr Speaker, I don't agree when people talk a lot about money. I think we have enough money right now but the challenge is how best we can use it.

If the Department of National Planning can guide us in rating all the electorates in terms of the minimum priorities, and maybe provincial affairs has already taken charge of this, as well as the cost of service delivery to each electorates which can be documented so that we can work with this within the K10 million.

If you are a minister, don't take the public funds and visit your electorates. No, you are not the minister for your electorate. You are a State Minister of PNG and not a minister for your party or your government.

I am bringing this up because the members from Government side don't want to say it. I was once with the Government and am fully aware of what is happening there. But let's not blame each other, we must have some guide in assessing all the electorates in PNG.

I want to retrace what the Prime Minister said this morning. You don't see me as Joe Sungi but see me as the Member for Nuku, representing my people there.

For example, when issues arise then it's between you and me but the people of Nuku must get the necessary services needed. And I fully support the Prime Minister's comment and we all should have this leadership mentality.

When there are shortfalls, ministers must quickly intervene and assist by allocating ministry funds or any support from donor agencies. In that way we can revive our transport sector to reach our schools, health facilities and other services so that we can lift the standard of education and health so that our indicator can improve.

Mr Speaker, let me say that again, don't blame everything on money. In the past, we looked for money but now there is money.

When I was the PA for the province and I would bring the PIP submission for the Governor's consideration. In fact, I had to see two governors. When I go to National Planning Office, the minister is hard to be seen and he has no time for the governor. They would just sit there and I'd feel sorry for them because they are being fooled.

The minister doesn't have time for them and even the secretary for the department can't attend to the governor because he doesn't have time for us as well.

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The Secretary for National Planning is too senior to see you and the same with the deputy secretary or even the FAS. You will be lucky if a junior planning officer comes to see you. That is the truth and many of you have experienced it.

However, I would like to commend the last Government who has shifted the funding. There is no more National Planning now and the money goes to your electorate through the province. The current Prime Minister and his Government have already put that in place so the funding should not be an issue. It is going to be about how each and every one arranges themselves. I have bought machinery and as I speak they are doing maintenance on my roads.

I have not gotten all the money but just K2 million, however, we have to put our priorities right. The machinery is managed by Bougainvilleans and not me. I brought civil engineers from small Buka to do it for me. One has got to be innovative and create all these things.

Mr Speaker, the National Government must know about which roads you are looking after. We must not all be working on the same sections of the highway. We must recognise these things and fix all these things. Our people are still waiting for their roads, wharves, jetties and airstrips.

Mr Speaker, I commend the Government from where we started with *Alotau Accord*. Under the chairmanship of Sir Puka, the Deputy Prime Minister and the Prime Minister himself. The Prime Minister endorsed the policy with the party leaders under the coalition. We already started then and money was already allocated before everything else.

We are fortunate to be in this Government where we have the funding right now. We have to support the policy. We must discuss and share ideas amongst ourselves. You ministers must not limit yourself to your own electorate. You must reach out to all of Papua New Guinea and bring services to all districts and develop them.

Mr WILLIAM SAMB (Goilala – Minister Assisting the Prime Minister) – I thank you, Mr Speaker, for giving me this opportunity to contribute to the debate. I thank all the Members who used Goilala as an example during their debates so it is only proper that you give me this time. I have a couple of points to contribute here.

Firstly, when we talk about rural airstrips, I must say that my district has benefited a lot from the rural airstrips. I think that they are doing a good job because they know what they are doing. When we opened an airstrip, my people thought that the people there were the same ones that were going to bring the planes. But those were people who were responsible for maintenance, reopening and making sure Civil Aviation requirements are met.

I believe everybody's challenge is that we have to create an environment where air service business must thrive. While on this point, I would like to commend small time airline groups that have been helping us. We have an MOU with Malolos Aviation. It is quite a distance to fly from Lae to Goilala, therefore, I want to thank the management for this company. They fly all the way to Goilala from Lae to either pick up patients or bring in medical supplies and if they are able to treat a patient, then they do so.

33/06

There is another helicopter company based in Port Moresby who has been assisting the people by flying there to buy vegetables from them. However, this is an expensive exercise and they are unable to meet the cost of their operations. But they are only doing this on humanitarian grounds to assist the people. There are other smaller airlines such as Air Sanga and SIL.

Mr Speaker, I am not begging Civil Aviation to relax some of their rules but we should address certain policies and assist these smaller operators so they can operate economically.

However, these smaller players must have their management in place. All the little aircraft operators must have a workshop manager, chief pilot and other relevant staff. This is too expensive so we should come up with a policy where small time operators form a group and they can go and hire a chief pilot or workshop manager for the group. It cannot be done individually because it is very expensive.

The other point that they have been sharing is with foreign exchange issues, most of their spare parts are coming from overseas. Manolos for instance has told me that he is going to operate in North America or some such places to get US dollars so he can buy his parts relatively cheaper.

We also need to come up with policies where these type of people are supported because they are the ones serving the rural people who are the most disadvantaged.

So, we should look at tax laws or other policies so we can address these because in seven years' time we'll be 50 years so we need to start making some policy changes so that we can address our rural communities.

My other point is, since we are talking about roads, there was a study done by a Finnish company to look at the socio-economic benefits of aid money on all the highways. The study on the Magi Highway found that nothing has changed. For the highway to really function you need to get the people in Rigo to bring the fish from Hula up or inland Rigo to bring the crops up.

Up the Hiritano Highway you need to get all the vegetables and coffee in Goilala down to make sure that the highway is economical. Today this is not happening.

We hear the Works Minister talking about PTB. PTB is the way to go. There are challenges there but, as my brother Member has said, we need to know where our boundaries are. I have put in Goilala DSIP to use in Kairuku-Hiri and I have grown weary. There's about

70 per cent goes to Kairuku-Hiri and only 30 per cent goes to Goilala, yet everybody thinks that that highway belongs to me. So, I need to know where my responsibility is so that I spend my DSIP where I am supposed to spend it. PTB is good because the Japanese Government has bought the machines and they are providing their technical expertise. Works people just need to go and manage. We have signed MOUs to use that entity. Maybe there should be a reform in the Works Department where we should have a section or an FAS that looks after rural section so that they can manage this.

The Health Minister wants to organise district hospitals but in this case I can't get the district hospital in Tapini to function if I don't get that road fixed. I went to Laiagam and bought potatoes. The last time I gave two plastics to the Transport Minister.

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We have potential but how will I transport the potatoes? We walked around Goilala and the Minister saw the coffee trees, but how will I transport them here? We need to change the Government's policy so that the disadvantaged districts are considered because to build a classroom on the coast is very different from building the same classroom in Goilala or Telefomin.

Lastly, I would like to commend the Government for ADB. Everyone wants to contribute to the debate on highways, especially the Highlands Highway. If the smaller roads in Baiyer, to Dei or even Ialibu-Pangia, Mendi or Kandep are not functioning, what purpose would the Highlands Highway serve? ADB decided with our Government to look after our core roads. This funding is purposely to maintain those roads. We should do a similar policy for Goilala. If the Government took care of the road to Tapini then I can take care of the smaller roads within the district. This should also be done for other districts. I am pleased that I built that road from Oligut to Lufa. I was involved in most of the road constructions in the Highlands. The people thought that Goilala probably has all the roads it needs so this person is here constructing ours.

(Laughter in the Chamber)

WILLIAM SAMB – Mr Speaker, we abide by the by the policies that the Government sets according to the agreements reached with donor agencies. DFAT and World Bank should stop focusing on the major trunk roads and seriously look at the feeder

roads. I am pleased that the Government has constructed a road to Hula. Fresh fish can be traded from Hula, they need a good road. The road to Goilala will benefit Kairuku-Hiri and my electorate. The portion that is in Kairuku has potential for rubber production. The Deputy Prime Minister grew up in that area and he is aware of the potential. So those are opportunities there that I think the Government should look into.

In this sector, I am available, if there is a committee, to contribute ideas and do these things so that we have tangible development to celebrate over seven years down the line and plan for the city going forward.

Mr ELIAS KAPAVORE (Pomio – Minister for Public Service) – Thank you, Mr Speaker. I commend the report by the Minister for Transport and I would like to join the others in making these remarks. My statement today is with regard to one of our important documents which we call the Papua New Guinea Strategic Development Plan 2010-2030.

It is a very important document that relates to 2050 Vision and the *National Constitution*. The abstract or goal for the SDP 2010-2030 is high quality of life for all Papua New Guineans. I just want to quote the abstract in this document. It states here, ‘Guided by the Directive Goals and the *National Constitution*, Papua New Guinea Development Strategic Plan elaborates how PNG can become a prosperous middle income country by 2030.’ This is also linked to Vision 2050. I would also like to acknowledge the wisdom of those in the past who actually came up with this documents, the Vision 2050, the SDP 2010-2030, and the National Strategy for Sustainable Responsible Development.

Mr Speaker, my comment today is with regard to the economic corridors.

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Mr Speaker, page 18 of that particularly document lists very clearly ten economic corridors that I believe we must be guided by. The economic corridors as stated was to elevate poverty, it improves accessibility and alleviate poverty in many of our people.

I believe most of us here today in this Honourable House are linked one way or another through the stand of the economic corridors. I would like to mention some of them.

The first one talks about the petroleum resource area that connects the Southern Highlands and parts of Enga, Gulf and Central Province. The second one talks about the border corridors that connects Western/Southern Highlands and Sandaun Provinces, the Central corridor connects Milne Bay, Oro and Morobe, Madang/Baiyer/Karamui corridors,

the Morobe/Madang corridor, the Enga/Sepik corridor and South Coast corridor that connects East New Britain and West New Britain along the south coastline. Then number 8 is the Momase corridor that connects two of the Sepik provinces, the Solomon corridor that connects the Autonomous Region of Bougainville. And number 10 is the free zone corridor that connects Manus, New Ireland, East and West New Britain.

Mr Speaker, it's been 18 years since implementing this particular plan, 2010-2030. It is about time national Planning assess where we are today in terms of the corridors and commit funding that will alleviate poverty and at the same time provide accessibility to many of our people.

If we can access and evaluate where we are in terms of our implementation and that must be actually supported and guided by the budget support.

Mr Speaker, we have very important plans in place and it is up to us today. The Government is doing its best going back to this particular corridors. In my district we are alongside Kokopo right around to Kandrian-Gloucester in West New Britain Province that covers 50 kilometres of coastline. We are tally number seven on this particular corridor and I believe, this year the transport sector is doing some review with regard to their transport programs.

Mr Speaker, if we can really align ourselves to this particular corridors that we have actually identified, we won't go wrong because all of us one way or another connect to this particular corridors. As it is, it will improve our poverty rate, which is at 36 – 40 per cent.

It will actually meet the aspired 2050 Vision in terms of our Human Development Index and all this put together I believe, Mr Speaker, is the way to go.

The Government is doing its best with the funding that is coming in and if we can go back today to aligning ourselves to what we have already established in the 2030 strategic plan with regards to the economic corridors, Mr Speaker, I believe we can do a lot better. This is because the public service and social and economic activities will make no sense if there is no good transport infrastructure in place.

So I would like us all to revisit the existing economic corridors and go forward towards a brighter future.

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

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 3.35 p.m..