

THIRD DAY

Thursday 30 August 2018

DRAFT HANSARD

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THIRD DAY

Thursday 30 August 2018

Mr Acting Speaker (**Mr Jeffery Pesab Komal**) took the chair at 10.07 a.m.

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

Sitting suspended.

The Acting Speaker again took the Chair at 10.51 a.m., and invited the Member for Rai Coast, **Honourable Jonny Ananias Alonk**, to say Prayers.

‘Thankyou Heavenly Father, mipla tok tankyu long dispel nais pela dai yu givim mipela wantaim niupla strong wantaim niupla tintin na save papa God mipela tok tankyu na praisim yu long dispela morning. Papa God long heaven, mipela ino gudpela man long eye bilong yu, papa God yu lusim sin na asuwa ron wei mipela iwokim papa, yu harim dispela prayer bilong mipela papa God, mipela invaitim holy spirit bilong yu long dispela taim long givim mipela gudpela wisdom na knowledge na understanding long maikim gudpela disisen lo dipela country na pipol bilong mipela insait long wanwan electorate bilong mipela. Papa mipela tok tankyu long olgeta blesins bilong dispela dai na mipela maikim dispela pyayer insait long naim belong Jesus. Amen’

ACKNOWLEDGEMENT OF THE SEVENTH DAY ADVENTIST 8 MILE COMMUNITY MEMBERS – STATEMENT BY THE ACTING SPEAKER

Mr ACTING SPEAKER – Honourable members, I have to inform the Parliament that the Seventh Day Adventist Community Service Members of 8-mile Church are present in the Public Gallery this morning.

On behalf of the Parliament, I extend to them a very warm welcome to the National Parliament.

QUESTIONS

Labour- Seasonal Workers Programme

Mr IAN LING STUCKEY – Thank you, Mr Acting Speaker. My series of questions without notice are directed to the Minister for Labour.

Mr Acting Speaker, the PNG Government is missing out on a wonderful opportunity to facilitate or organise with very minimum financial assistance from the State, conduct awareness programs and encourage, if not, even gently push our people to engage with the Australian Government Seasonal Workers Programme, commonly referred to as SWP.

How often have we heard from our people in this country, ‘we don’t want cash handouts, we want a job’.

Mr Acting Speaker, the SWP was endorsed by the Australian Government as a pilot programme from 2008 and its growing very rapidly to have reached 8 452 placements in 2017 and 2018. Indeed, Professor Steven Howes of the Australian National University conceded that one of the greatest achievements of the former Australian Minister for Foreign Affairs, Julie Bishop, was allowing the programme to develop with the nine participating Pacific Island Countries and Timor-Leste. We should thank her for creating this opportunity.

02/03

The 2017 World Bank report also produced some alarming statistics. For example, last year in 2017 alone, Tonga with a population of 107 000 people, which is smaller than New Ireland Province successfully engaged 2690 of its citizens in Australia sending home to Tonga AUD\$26.253 million or the equivalent of K64 million.

Sadly, the World Bank report does not show the number of PNG citizens participating in the SWP because our number is too small but I understand from statistics provided by the Australian Department of Foreign Affairs and Trade and Doctor Richard Curtin from the ANU that only 139 PNG citizens took part last year and even less this year.

Mr Acting Speaker, my questions are:

(1) Mr Minister, can you provide a detailed explanation on why Papua New Guinea, by far the largest Pacific Island country, can send only 139 workers to Australia in 2017 whilst Tonga, a small island Nation can send 2 690?

(2) Mr Minister, can you provide a detailed listing of all PNG citizens that have participated in the SWP since its inception in 2008 and advise this Parliament the breakup of

all workers by district so that we can all be assured that there is a fair and balanced representation of all districts for all of us?

(3) What detailed plan does the Department of Labour have to substantially increase the number of PNG citizens, taking account of the suggestions made by Doctor Curtin from the ANU on the latest PNG Update at UPNG in June-July the opportunity to work under the SWP in Australia?

(4) Is your ministry willing to adopt a bipartisan approach to solving some of these bottle-necks because both the Member for Namatanai and I are available to practically assist and provide advice to your good ministry Free of Charge?

(5) Finally, at the forthcoming meeting of the Pacific Labour Mobility Meeting occurring in Solomon Islands from 10 to 12 September, will the Minister be participating and if so, is the Minister willing to support the next meeting to be held in beautiful Kavieng District in 2019 where the Kavieng District Development Authority would be pleased to co-host the event if practical?

Mr ACTING SPEAKER – Honourable Member for Kavieng, the honourable Minister is not in his Chair. It would be more fitting if our good Prime Minister can respond to your questions.

Mr IAN LING-STUCKEY – Thank you, Mr Acting Speaker, I now direct them to the Prime Minister.

Mr PETER O'NEILL – Mr Acting Speaker, this Seasonal Workers Programme has been around for quite some time now. In fact, when we came into Government in 2011 and 2012 I tasked the Chief Migration Officer, late Rabura Mataio to head this programme and start the arrangements with the Australian Government. And of course, some of our people started to go down to Australia.

I will get the Minister and the Immigration people to give a full detail on when it began and how many people have been down there.

I can assure this Honourable House that those Papua New Guinean citizens who participated in this programme are spoken of very highly by the farmers and all the other people who have employed them in Australia. In fact, they said that Papua New Guineans are

the hardest working people. They are given a limited number of hours to work in a day but they completed their task.

03/03

This shows that our people are not lazy. There is a greater enthusiasm by our people to get down there and work in farms and other seasonal work that we have in Australia.

The requirements for Papua New Guineans to get visas to Australia is quite discriminatory. That I can say without any qualification. There has been unnecessary requirements for our citizens to go down and work in Australia because they have fears about TB and everything else. It is unfortunate that Papua New Guineans cannot increase the number that we want to send down there under the seasonal workers schemes. So what we need in our country is to engage more of our citizens into the formal employment sector in our own country.

The labour mobility concept was introduced by Papua New Guinea during the Pacific Island Forum Leaders' meeting. I brought that issue up to try and encourage Australia and New Zealand to encourage Papua New Guineans to go down and work as Australians do when they go down and work in England and other European countries. They are given free access to some of the short term work opportunities that are available in those countries. So to have 8 000 or so people going down there from the Pacific is quite patronising.

The opportunity to expand that number is there for these two particular countries. I think we need to continue to engage our Foreign Affairs Minister and Immigration to stress vigorously to the Australian Government that they must be flexible to us as they do to the other Pacific island countries. Our people who want to go down there and work must be given a fair opportunity to do so.

I will get the numbers that the Member requires and certainly if there is going to be a meeting on Pacific labour mobility issues we will certainly recommend the lovely Kavieng town to be the host and we look forward to working with him.

Supplementary Question

Fair Share of Seasonal Workers

Sir MEKERE MORAUTA – Thank you, Mr Acting Speaker.

Mr Prime Minister, under the present arrangement of Australia; they are setting an universal quota or number and then letting the participating countries to compete to use the

numbers under that arrangement but now it seems that the smaller countries are using it more than we are.

May I suggest that in the coming meeting we can suggest to Australia, without telling Australia what to do, to break that down into country to country basis. Some of the criteria will be reflecting the size of population, the wealth of the country or the level of development so that it is fairly split among the countries. Otherwise we will be missing out as we are doing now.

Mr PETER O'NEILL – Mr Acting Speaker, I will get the Foreign Affairs Minister who is in Naru to meet with the new Foreign Minister for Australia to bring this matter up and stress to them that Papua New Guinea should be given a larger quota because of the size of our country.

I want to acknowledge the support that we continue to get from the Australian Government through the scholarships that they are giving to our students to go and study in many universities and colleges right throughout Australia.

We have been stressing that these numbers should increase for Papua New Guinea so in line with that discussion, the Foreign Minister has taken up this matter with his counterpart on many occasions and will continue to stress the issue, so that we can have our people there.

In terms of the support that we are seeking from Australia also is that they partner us in building the infrastructures in the country and they have already started in institutions like the University of Papua New Guinea, where you will see the many new lecture theatres that are being built.

04/03

We have deliberately done that because we want to expand the capacity and the size of the universities and colleges right across the country. Where they are taking 1 000 students we want them to double the number so that we do not have many students dropping out of Year 12 and having no spaces in these institutions. So, if we increase the size of the existing tertiary institutions we do not have to necessarily go and build new institutions at huge costs because building a new one will cost a lot of money. The Australian and Papua New Guinean governments are working in partnership in that program and we are thankful for it. But, in terms of the students certainly the Minister for Foreigner Affairs will take it up with the new Minister for Foreigner Affairs of Australia.

Thank you.

Mineral Resource Authority - Appointments

Mr JIMMY UGURO – Thank you, Mr Acting Speaker. My questions are directed to the Minister for Mining.

Mr Acting Speaker, the Mining Industry is a very important sector that supports this country economically during difficult times and today, we have large mining projects such as Wafi-Golpu, Frieda River, Woodlark and Ramu-Nickel extension.

My questions are;

- (1) When will the Minister for Mining appoint a permanent managing director?
- (2) When will the Minister appoint the MRA Board Chairman?

Expat Employee Leaking Information

(3) Is the Minister aware that there are some highly confidential data and information of the State being disclosed to mining companies by an expatriate working in a senior position in MRA?

(4) Is the Minister also aware that the same expatriate is stopping a lot of economic mining projects with minor technical issues and delaying the projects?

(5) Is the Minister also aware that the same person was given a work permit whilst still working in the country?

Thank you, Mr Speaker.

Mr JOHNSON TUKE – Thank you, Mr Acting Speaker, and I would like to thank the good Member for Usino-Bundi for his series of questions.

The first and second questions are more or less related to each other. The MRA Act was passed some months ago but that has not been gazetted yet so it is in the process. Once that goes through I will be able to appoint a new board and then the Board will give me three name or candidates and they will go through the process.

I am not really aware of these information being leaked out but I will surely attend to that in the due course.

I am mindful we have Acts and policies to go by but if that particular officer is seemed to be conducting himself with the prohibition of the Acts and law then I have no issue with

that. But, if he is developing a stringent process to evade the participation of the industry then obviously it is wrong. I will look into it and attend to these issues.

For the he last question, yes, it is true and I have resorted to the appropriate agencies to look into it so as and when the report is ready or so I will report to this House.

Thank you, Mr Acting Speaker.

Hiritano Highway Road Maintenance

Mr PETER ISOAIMO – Thank you, Mr Acting Speaker, for recognising the people of Kairuku-Hiri as their Member.

My question is directed to the Minister of Works.

Mr Acting Speaker, I wish to bring to his attention the deteriorating road condition of the National Highway portion between Laloki Bridge and Vanapa which is about 32 kilometres and the other is a 32 kilometre road close to Bereina Station turn-off to Apanaipi Bridge which borders the Gulf Province.

05/03

These two roads are being left unattended to by the State. It has been under the responsibility of the Works Department for the last 10 to 15 years, and they have practically become a ghost path now and it's not suitable to be called a national highway, which is a real embarrassment to the Government of the day. I understand in the Supplementary Budget last year that K16 million was shifted out from the funds budgeted for roads maintenance for Hiritano Highway.

Can the Minister assure people of Kairuku-Hiri that his department will try to allocate some funds so that work can commence on these two portions of the roads which is a real nightmare to commuters and motorists and it's a huge burden on transport providers who need to buy spare parts every day?

Mr Acting Speaker, you do travel to Veimaui to visit your Nipa people so you know what I am talking about.

Mr MICHAEL NALI – Mr Acting Speaker, I thank the Member for Kairuku-Hiri for his questions. Mr Acting Speaker, yes, the roads starting from Laloki to Vanapa and further to Kuriva. I personally drove on this portion of the road some weeks back and noticed that starting from Kuriva to Bereina, the Dekenai Construction is carrying out the maintenance

work but starting from Kuriva to 9-mile the condition of road has deteriorated badly but the Works Department is aware of the situation. As soon as we get some road maintenance funds we will try our best to upgrade some part of it.

As we all know some years back this portion of the highway was in very good condition but now it has deteriorated badly. And it is not only this part of the highway but many parts of the roads around the country that face this same problem as well. But we are trying our best to keep these roads maintained with the limited amount of funds we have in the system. I assure you that as soon as we have some funds we will try our best to maintain this portion of the road.

Mr Acting Speaker, some of these major roads like Magi and Hiritano Highways have been brought up to the attention of our development partner's consideration but the process side of it will take a while. For us to carry out major construction work whether it be rehabilitation or construction it takes the Department and Government close to six years for work to commence. But to do maintenance work is our responsibility and I will instruct the Department to help wherever we can.

Elk-Antelope Petroleum Gas Projects

Mr SAKI SOLOMA – Thank you, Mr Acting Speaker, for giving me this opportunity to ask my question on behalf of my people in Okapa.

I direct my question to the Minister for Petroleum and Energy and I want the Prime Minister and other Ministers concerned to take note.

Mr Acting Speaker, my questions are related to the Elk-Antelope petroleum gas projects currently developed by TOTAL SA and other partners.

06/03

My questions are short but significantly important. They are as follows;

(1)Is the Minister aware that the project is located between political borders of three provinces?

The provinces are Eastern Highlands, Chimbu and Gulf. Although the major part of the project is inside the Gulf province, it is still borders the other two provinces.

(2)Is the Minister aware that certain tribes in my district namely the Afakapa, Gimi and Pamusa speaking tribes are close neighbours of Pawaya speaking tribe on the Gulf side of the

border and are already recognised as landowner clans in the project and not the two tribes of my electorate?

(3) Is the Minister aware that these tribes on the Eastern Highlands side of the border have been trying in vain to get recognition from Government and Elk-Antelope ever since the exploration stage?

(4) Can the Minister do something to recognise the Pamusa and Gimi tribes of Okapa to be part of the project and be included in the benefit sharing agreement?

Mr FABIAN POK – I thank the Member for Okapa for his questions.

I would like to say that it is the responsibility of the project operator to do the landowner identification. I have been briefed by Total but I cannot make a statement here confirming anything as yet unless and when they come to me. They have briefed me already of all these issues but once they complete the clan vetting exercise or landowner identification exercise and after my department has verified it then I would be in a good situation to present a statement. At the moment, I am not in a position to make any comment.

However, the good thing is that what we did not do with the PNG LNG we are doing with this project. I have asked Total to do a complete survey of all the landowners. We need to know where the reserves are, who the landowners are and which people must benefit from this project. Once they bring these things to the Government and me as Minister responsible the department will then verify and then we can go ahead with everything else.

I am aware of all these issues but work is still continuing so I will have to reserve my position until all work is completed. I cannot make any confirmed commitment with anybody until such time when all work has been completed.

I urge members of Parliament to be genuine leaders and not raise the expectations of anybody. If we raise their expectations and things do not happen accordingly then we are only going to create more problems for ourselves, the Government and the developer.

07/03

Asylum Seekers

Mr CHARLIE BENJAMIN – I wish to direct my questions to the Minister for Immigration and the Minister for Foreign Affairs to take note.

Not long ago, we heard of a boat that went from Vietnam through Indonesia all the way to Australia, close to Cairns and down to the coast. The boat was carrying 17 asylum seekers to Australia.

Mr Minister, there is talk that there are many refugees from Indonesia who intend to go to Australia. However, the Australian Minister for Immigration, Mr Peter Dutton recently stated that the Australian Government will not allow refugees in but to send them over to PNG or Nauru.

(1) Can the Minister clarify his position on this issue?

(2) If we were to accept these refugees, do we have a plan in place to cater for these refugees?

I say this because the previous deal did not turn out good for us.

As the Member for Manus, we have already experienced the refugee situation and I can say that the province did not benefit from the first arrangement.

(3) If we allow refugees in again, what is the guarantee that we will receive tangible benefits from Australia?

The only kind of help they gave was more to do with public relations.

(4) Therefore, in future, can the Minister ensure to inform provincial leaders before any agreements are made between PNG and Australia?

Bear in mind that if there are more refugees to come, their return will be on the terms and conditions of the people and government of Manus.

Thank you, Mr Acting Speaker.

Mr PETRUS THOMAS – Mr Acting Speaker, I want thank the Governor of Manus for his good questions.

Our Prime Minister and the Australian Prime Minister agreed on a regional resettlement arrangement in 2013 for the first asylum seekers to come to Manus which came to an end on 31 October last year.

The purpose of bringing these asylum seekers into Manus was to process them and find out who is a refugee and who is a non-refugee inaudible and that process was concluded on 31 of October.

Now what is there has come through that arrangement. We have sat with the NEC and we have decide to put our State team to negotiate with Australia to look back on the arrangement that we have before and that process is still continuing. In order for us to bring

in new asylum seekers, it's going to be under the new arrangement but there's no permission for the Australian Government to let in these new asylum seekers and if this people want to come in too, the NAC must make the decision and arrangements but for now there's no indication that the asylum seekers will come into our country.

Supplementary Question

Proper Screening Process

Mr GARRY JUFFA – Mr Acting Speaker, the Australian Government has a very strict verification and vetting process in place to ensure that the people they let into their country are people who are going to abide by their laws and so forth and are not threats to their economy or their nation.

What process do we have in place to ensure that these refugees or asylum seekers are fit and proper persons when we allow them to be living in our country, moving around and carry on in business and whatever? Do we have such a verification and vetting process in place? Can the minister explain to us, if that process exist?

08/03

Mr PETRUS THOMAS – Mr Acting Speaker, I thank the Governor of Oro.

The current refugees and non-refugees we have in the country came through the arrangement we had in 2013. We brought them in for processing purposes and we have concluded that processing and we have identified the refugees from the non-refugees. Under the arrangement it is Australia's responsibility to resettle them in a third country.

As Papua New Guinea Government we have given them the helping hand, we've done and concluded the process and now it's Australia's responsibility to settle them in a third country but that process is still going on. We've already identified about 100 plus refugees who have already been resettled in the US and the process is still continuing.

Police Officers – Limit Duration of Duty

Mr JOHNNY ANANIAS ALONK – Mr Acting Speaker. My questions are directed to the Minister for Police.

As we know the law and order problem in the country is wide and far and goes into all the remote villages. The towns are probably okay but especially in the remote places like my district, Middle Ramu.

In the early days about 10 to 15 policemen were there when I was in school. They were operating in the district. During those days they had scheduled times and were programmed and tasked to stay in the district for about two to three years after which they had to move to another location. This is not happening and the police officers remain in one location or district for 20 to 30 years. Even their children are growing up over there and some of them become police officers as well and continue to live in those areas.

These officers stay too long in one place they tend to become too involved with the community, the district and the people. They can't move out because of their association with the events going on in there. The law and order problem is escalating from because police officers are becoming too familiar with the people, especially the youths around there and the communities. They have socialised with them and have become entangled with them.

Therefore, I would like to ask you if you have a plan for now and the next generation to prevent officers working in one particular area for too long and only allow two to three years before transferring them to another area.

In doing so I think we can have control and ease the law and order problems. I am deciding to take 10 police officers to my district but these plans have to be put into place so that officers will know how long they are to be employed in one areas before moving onto their next location.

09/03

Mr JELTA WONG – Mr Acting Speaker, I thank the Member for Middle Ramu for his question.

We have a plan in place, with the help of donor agencies, where we will be doing a complete re-structure of the Police Force. We will be going to each province and taking stock of what we own and what we have in those places and also finding out whether the policemen have been there for many years and we will be doing a complete restructure. But this will not happen until after APEC, where we are concentrating for the world stage.

I will come back to this House and present the new restructure.

Supplementary Question

Police Officers with Business Interests

JAMES DONALD – Mr Acting Speaker, I want to ask the Minister for Police in the context that the Member for middle Ramu has asked his question.

I have a similar issue in my district where there are about five senior policemen who own hotels and other lucrative businesses.

Is there a law that allows police officers or public servants for that matter to do this? They have really compromised their jobs and there is lawlessness in my district. I think this situation is evident in other districts as well so can the Minister do something about this?

Mr JETA WONG – Thank you Member for your question. Yes, this is a very serious issue that we have. At the last provincial police commanders meeting I stressed that any senior police officer that has businesses would have to declare their businesses as per the *Public Services Act* and if they have not we will be investigating to confirm all these. Once the restructure is in place an investigation team will go into each province to investigate police officers that have business and compromise the Police Force.

Inaction by Police – Eastern Highlands

Mr PETER NUMU – Mr Acting Speaker, my question to the Police Minister is in relation to a media report last week in relation to an issue in Eastern Highlands.

When I became Governor my PEC and I decided that we will review and investigate all the funds and assets acquired by the provincial government. Millions have been given to companies but the actual jobs were never done.

After consultation with the Police, a fraud squad has been sent to the province accompanied with an officer from Auditor-General's office. When they were in the province this team was threatened by the current administration. I was physically attacked when I spoke out to defend the team that was sent up to carry out the investigation.

Police officers were helpless and did nothing and became mere spectators. I did not react and I said to hand this matter over to the Police to deal with.

My question is in relation to a formal complaint I made in relation to this incident. I provided names of all those involved and to date no arrests have been made. This is a major issue and we need to address it before things get out of hand in my province.

10/03

All the police officers that are there are protecting the Asians and becoming their securities. When there is something happening at the Provincial Government they will not be there but instead they will be with the Asians. Do they have business interest or –

Mr ACTING SPEAKER – Honourable Governor, please ask your question to the Minister. You can debate during the Grievance Debate so ask your question to the Minister.

Mr PETER NUMU – Thank you, Mr Acting Speaker.

Can the Minister look into transferring police officers that have worked in a certain province for many years?

This is so that the police officers can carry out their duties without fear or favour.

I am a son of a police officer and growing up we were transferred from place to place for him to carry out his duties without fear or favour serving the Government, but today these police officers stay in a certain area for a long period of time and their positions are compromised.

The Government must move quickly because the law and order problem is escalating every day.

Mr JELTA WONG – Thank you, Mr Acting Speaker, and thank you to the Governor of Eastern Highlands Province for your series of questions.

Firstly, I would like to state that it is not this Government's policy to condone any violence or the RPNGC, we take it seriously. I do not have a report with me but I will task the commissioner to give a report on your case and if it is an ongoing case then I cannot comment here but I will get back to you.

With the transferring of officers, it is the same issue and like I said, we will be restructuring the Police Force straight after APEC. It is something that the Government is passionate about. We have taken on a 125-year-old Police Force and they have been stuck in their ways so it's about time we went through and make the restructure, and this will happen after APEC.

Thank you.

Supplementary Question

Rotate Police Officers

Mr TOMAIT KAPILI – I support the questions from the Member of Middle-Ramu and the Governor of Eastern Highlands Province.

As we all know, each one of our electorates has police officers and they have married into the communities and stayed for a long time. The question that the Member of Middle-Ramu asked was to rotate the policemen every two to three years to another electorate or province so that officers who have married into that particular area will not be compromised when carrying out their duties. Stagnant police officers are a contributing factor to law and order problems in the country.

So it will be good to start rotating the young policemen from station to station as there are a lot of police stations throughout the country so that we can see changes or reduction in the law and order issues that we are faced with.

Can the Minister, seriously look into it?

Mr JELTA WONG – Thank you, Acting Speaker. Again the issues are the same but I have not and I cannot stop police officers from marrying into these communities so it is up to each community to help us.

But, like I said, the restructure will happen and we will get to the bottom of this.

Thank you, Mr Acting Speaker.

And it is a wonderful opportunity for our people in this country.

A World Bank report in 2017 confirmed that 6 166 Pacific islanders have participated in the programme just in 2017 alone, earning and sending home on average after tax and all expenses, a total of AUD\$8850 or about K21 000 at yesterday's exchange rates. That's for six months work.

Mr Acting Speaker, I am very concerned, however, that PNG is not raising to meet this wonderful opportunity.

11/03

**2018 MID-YEAR ECONOMIC FISCAL OUTLOOK AND 2019 BUDGET
STRATEGY REPORTS – PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF THE PAPER**

Mr CHARLES ABEL (Alotau – Minister for Treasury) – I present the following paper pursuant to statute:

‘Mid-Year Economic Fiscal Outlook and 2019 Budget Strategy’

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

Leave granted.

Mr Acting Speaker, I rise to table concurrently the Mid-Year Economic Fiscal Outlook (MYEFO) report and the Budget Strategy Paper 2019.

These are both in compliance with the Fiscal Responsibility Act 2006 and demonstrates our Governments' commitment to reporting requirements and transparency in the budget process.

The MYEFO is essentially a report card as to progress of the current budget which is of course the 2018 Budget up to mid-year. It was actually published and released on the 31st of July and I am taking the first opportunity to table it in Parliament.

The 2019 Budget Strategy Paper is an outline of the basis of the 2019 Budget formulation based on the prevailing economic conditions, broad fiscal parameters and key Government policies.

Mr Acting Speaker, you will recall that in 2017 following the National Elections we had to respond to some pretty tough circumstances due to unfavourable global commodity prices, the flow on effects of the 2015/16 drought, declining revenues and rising costs.

Mr Kerenga Kua – Point of Order! Mr Acting Speaker, in order for us to follow the presentation, we have two reports here so which one is he reading from?

Mr CHARLES ABEL – I thank the honourable Member for Sinasina-Yoggamugl

for his point of order, as I said, I am reading from a statement which is part of the package that is being circulated at the moment. Those are reports but we also have a statement attached to it and I am on page 2. It has 14 pages.

Mr Acting Speaker, as I was saying, you will that in 2017 following the National Elections we had to respond to some pretty tough circumstances due to unfavourable global commodity prices, the flow on effects of the 2015/16 drought, declining revenues and rising costs.

We responded initially through a Supplementary Budget which was part of a 25 Point 100 Day Plan, to preserve the parameters of the 2017 Budget through fiscal discipline, addressing the foreign exchange imbalance, growing revenue, strengthening our economic base and improving governance.

I'm pleased to say Mr Acting Speaker that our actions have yielded results and in combination, with a slowly improving global economy and commodity prices, we are seeing improvements through the 2017 Final Budget Outcome Report and in the reports I present today.

Mr Acting Speaker, I repeat here as I did on Tuesday during question time that no one is saying 'things are rosy'. On top of the challenges we have come through we then experienced the worst earthquake in our history. This took two months of production out of the PNG LNG and OK Tedi, Porgera and Kutubu projects were also affected, it put further budget strains upon us in as far as emergency and restoration works. Most importantly though was the social impact on our people in the affected Provinces, we also had the Kardovar Island volcanic eruption and now Manam Island.

12/03

Given all these challenges Mr Speaker some of the outcomes so far have been remarkable particularly on the revenue side and to continually allege a fake budget from the Opposition is really quite hollow.

Overview: 2018 Mid-Year Fiscal Position

Mr Acting Speaker, the 2018 MYEFO projects GDP growth to decline to 1% from 2.4% in 2018, which is more positive than earlier more dire projections following the 7.5 magnitude earthquake.

The resumption of production in major mines affected by the earthquake is particularly promising, given higher average output levels than before the earthquake. Oil and gas prices have remained elevated which is also positive, although gold and base metal prices have come off mid-year levels.

While the global economic environment has improved, growth in the domestic market has remained slow in 2018 after the February earthquake and the economy has been constrained by effects of the foreign exchange imbalance although this has been significantly reduced.

Mr Acting Speaker, the mid-year fiscal results shows revenue collections were at 44% of budget and expenditure at 40%. Public debt was at K24.4 billion which is 29.8% of GDP. International currency reserves at the Bank of PNG were at US\$1.7 billion dollars at the end of June. Prices for oil, gas, gold, copper and cocoa were running above the 2018 projections. Production on the PNG LNG Project was 30% ahead of nameplate with two thirds of lost production expected to be made up by year end.

At end June 2018 the fiscal deficit was K324.9 million or 0.4 per cent of GDP with a revenue outturn of K5,553.3 million and an expenditure outturn of K5,878.2 million. This was within our 2018 mid-year Budget targets.

Total net borrowing in the first half of 2018 amounted to K812.9 million, with external financing accounting for K631.0 million (largely the proceeds from the Credit Suisse final tranche) and domestic financing accounting for K181.9 million.

2018 Revenue

Mr Acting Speaker, the extensive revenue measures commencing in the 2017 Supplementary Budget and in the 2018 Budget have seen an increase in revenue from 2016 of K 1 billion in 2017 and a further projected K1.4 billion in 2018.

GST collections continue to be above budget showing greater compliance efforts by IRC. Mining and Petroleum tax collections are already well above the budgeted K89 million with collections at K423 million by end of July. Stamp duty collections and royalty and management fees are also expected to be above budget and the receipt of project grant funding is also running above budget by mid-year.

In contrast, personal and company taxes are down modestly, in part, due to the offsetting of GST refunds and in part due to less buoyant domestic business conditions than anticipated at the time of the 2018 Budget. Notwithstanding this, the company tax⁴

collections continue to hover around 5.0 per cent above 2017 collections.

Import excise collections on tobacco and alcohol have also been on the decline over the first half of 2018 attributed in part to the increase in excise rates in the 2018 Budget. Departure tax collections have also been lower in the first half, too. The Government has announced in the 2018 MYEFO some measures to improve the compliance in these areas. Overall, total revenues by the end of 2018 are expected to be higher than the 2018 Budget estimates by K213.2 million.

The revenue sweep exercise through the Public Money Management Regularisation Act is also contributing well towards the budgeted amount.

2018 Expenditure

Fiscal expenditures were significantly lower than budgeted at mid-year, being only 39.9 percent of budgeted spending levels, with higher personnel emoluments and utility payment trends being offset by strict control of warrants over other discretionary spending heads.

Mr Acting Speaker, on expenditure, it is noteworthy that interest payments are consistent with Budget projections at the end of June 2018 and the trend in recent years of over expenditure on this category appears to have been halted and payments to commercial and statutory authorities are lower. Concessional loan and grant project expenditures are running to schedule.

Mr Acting Speaker, the Government's own-financed capital spending is running lower than budgeted by mid-year, although is higher than the same time last year. Importantly, capital expenditure increased by a further K78.6 million by mid-year through a transfer from the operational component in accordance with *Section 5* of the *Appropriation Bill*.

In contrast, trends in personnel emolument expenditures are running above budget which reflects the back-dated payment of the 3.0 per cent pay rise granted to public servants in 2017 and a further 3.0 per cent pay rise granted in 2018 - both of which were not appropriated in the 2018 Budget and which are estimated to amount to K232.7 million. The expected lift in revenue above budgeted levels has provided funding to meet these pay increases in 2018.

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Mr Acting Speaker, in addition, a number of off-line payments, such as ⁵

overtime, have increased over the first half, in part due to additional hours for our service workers in dealing with the earthquake and on APEC preparations, as well as additional health workers employed to assist in a number of aid projects. Utility charges are also running somewhat above budget, but this is mostly due to the payment of some outstanding amounts from 2017.

Additional Policy Directives

Mr Acting Speaker, to ensure the budget deficit remains on track in 2018 and the Medium Term Fiscal Strategy (MTFS) is maintained, the Government has issued a number of directives to departments and agencies comprising:

(a) Instructions to the Public Sector Organisational Reform Team (PSORT) and the Organisational Structural & Personal Emoluments Audit Committee (OSPEAC) and the Department of Finance to introduce some hard budget ceilings for employment levels and off-line payments to ameliorate these adverse underlying trends and to bring this expenditure category (excluding the unbudgeted pay increase) back on track;

(b) Following a number of audits on utility and rental charges, the introduction of measures to control this expenditure and to bring it back on track by end 2018;

(c) Establishment of a high-level Task Force (Treasury, IRC, Customs and Finance) focused on improving compliance and the pass through of departure tax and import excise collections;

(d) Instructions to IRC to accelerate the establishment of the Large Taxpayer Office in IRC and to implement fully the 2018 Budget changes to the policy on export duty on old-growth logs;

(e) Instructions to the Treasury and Finance Departments to conduct, as a priority, discussions with state entities to re-examine dividend inflows, particularly relating to LNG dividends to Government; and

(f) Instructions to the Treasury Department to find additional savings in the goods and services expenditure areas across all non-essential priority areas and in non-essential capital works programs that are funded by the Government.

2018 Fiscal Outlook

Mr Acting Speaker, given the June out turn report, seasonal projection trends and with the stipulated Government actions, the Fiscal Outlook for 2018 has improved modestly.

We anticipate the majority of our revenue in taxation and dividends to be collected in the second half of 2018 and also the bulk of our financing in the form of the budget support from the ADB of US\$100 million which has come in this month, the World Bank budget support of US\$150 million in October, and the inaugural Sovereign Bond issue which following endorsement by Cabinet yesterday which I will launch through an international roadshow commencing on Monday next week in Singapore.

This again is an element of the 25 Point Plan to restructure short term domestic debt to longer term debt to reduce cost and rollover risk and bring in foreign exchange. The bulk of our international debt will still comprise very concessional loans.

Mr Acting Speaker, of course, we are hosting APEC and anticipate direct and indirect activity and spin-offs into the economy.

Total Revenue and Grants is projected to be K213.2 million higher than the 2018 Budget estimates and I believe it will be higher than that. Total Expenditure and Net Lending is projected also to be K213.2 million higher than the 2018 Budget estimates, thereby maintaining the budget deficit at K1,987.2 million. At this level, total public debt is projected to reach K25,545.5 million, or 31.3 per cent of GDP.

Mr Acting Speaker, this compares to the 32.2 per cent expected in the 2018 Budget, with the decline in the ratio mostly due to the upwardly revised GDP projections for 2017 and 2018. As such, debt levels are within the 30-35 per cent band as per the *Fiscal Responsibility Act* (as amended) and debt at these levels is consistent with the declining trends in the MTFS 2018-22.

While the Government maintains its commitment to delivering major expenditure commitments in the MTDP Enablers and key Government priorities (TFF, infrastructure spending and SIPs), the immediate challenge for the Government as highlighted in the MYEFO is to maintain fiscal discipline throughout the second half of 2018 and fully implement its remedial actions if it wishes to be in accordance with its MTFS. The performance of borrowing and all funding sources are also crucial to achieve the desired out-turns.

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2019 Budget Strategy Paper

Mr Acting Speaker, turning now to the 2019 Budget Strategy Paper. The 2019 Budget Strategy Paper marks the second year of the O'Neill-Abel Government following its

formation in the 2017 National General Elections and sets the framework for the 2019 National Budget which will build on the *Alotau Accord 2*, the 100 Days Plan, achievements in the 2018 Budget and Medium Term Development Plan 3. The framework will outline and continue to capture key reforms or measures contained in the *Medium Term Fiscal Strategy (MTFS) 2018-2022*; the *Medium Term Debt Strategy 2018-2022* and the *Medium Term Revenue Strategy 2018 - 2022*.

These documents focus us on the principles of spurring sustainable economic growth, a small efficient government, an empowered private sector, a simple and fair fiscal regime, sustainable population growth, self-reliance, sustainable industries, import replacement, job creation and SMEs.

More specifically, the 2019 National Budget Strategy will contain:

- i. Economic fiscal trends and issues;
- ii. The Government's 100 Days Plan;
- iii. The 2019 Budget Strategy and the indicative fiscal parameters and policies for the 2019 Budget;
- iv. The Medium Term Framework and projections;
- v. Key budget policies; and
- vi. Risks to the economic and fiscal outlook.

Fiscal data included in the Budget Strategy Paper is only indicative and is based on the MTFS 2018-2022 projections and information available at the time of preparation particularly since the Mid-Year Economic & Fiscal Outlook (MYEFO). The macroeconomic and fiscal forecasts will be updated in the 2019 Budget to reflect any changes in economic and financial conditions.

In contrast to the MYEFO GDP projections, the early works and services from the anticipated commencement of the Wafi-Golpu project in the Mining Sector and three possible Petroleum Projects with PNG LNG Expansion, Papua LNG and the Pasca Off-shore Condensate Project, together with the broader impact on the domestic economy, have been factored into the projections. Consequently, real GDP is now expected to pick up to 2.3 percent in 2019, 3 percent in 2020, 4.3 percent in 2021, 4.5 percent in 2022, 5.2 percent in 2023 and to reach 5.8 per cent in 2024, the year when increased gas production is programmed.

Mr Acting Speaker, these projects are important elements in the 25PP together other milestone projects such as the 58MW Porn Gas Power Plant, the Ramu2 Hydro Power

Project, the international submarine cable, and the US\$1 billion ADB funding for the Highlands Highway.

The preparations for APEC 2018 have provided some impetus for further growth with a number of key infrastructure projects being initiated such as the Port Moresby Sewerage project, the upgrading of the Port Moresby road network, the construction and expansion of hotel accommodation and conference facilities, and the expansion of the Port Moresby International Airport.

Despite the expected lift in revenue from the projected more favorable conditions, the need to address the fiscal arrears and a continuation of financing and debt constraints, together with the rise in some less productive expenditure categories, will mean that it will be critical to maintain prudent fiscal management. As such, the application of a number of containment strategies will be required that will provide scope for the Government to achieve its stated priority expenditures within its debt constraints.

Mr Acting Speaker, therefore, the ongoing implementation of key structural reforms initiated with the 25-point action plan of our Government and underpinned by the *Alotau Accord II* remain critical.

These include a sustained focus on strengthening the public service payroll, improved debt management, extinguishment of the foreign exchange imbalance, the sustained establishment of the PMMR Act, and the implementation of the major projects already mentioned.

Moreover, these reforms and investments are complementary to the implementation of the Medium Term Fiscal Strategy (MTFS), Medium Term Revenue Strategy (MTRS), Medium Term Debt Strategy and Medium-Term Development Plan III (MTDP III), all of which aim to strengthen the management of our public finances and guide the execution of our budgets.

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The 2019 Budget should build on this and continue to broaden the revenue base, improve efficiencies in the cost of service delivery particularly in the salaries and wages bill, contain utility costs, enhance the quality of expenditure particularly related to capital spending as well as restructuring the domestic debt portfolio and maturity profile.

There are some successes in 2018 such as the stabilisation and improvement of a number of revenue streams and the continued control of a number of adverse expenditure trends which has signalled a turnaround.

Importantly, the outstanding NSL exit payment liabilities are being addressed and will have been extinguished by early September 2018. Moreover, the inaugural sovereign bond issuance program has been approved with all documentation finalised and proceeds of at least US\$500 million are expected by the end of September 2018. The bond will assist in funding the Government's fiscal needs over the 2018-20 together with the ADB and World Bank financing which are also structured on a three-year basis, and facilitate a restructuring of the domestic debt market to lower interest costs and risks and assist in easing the foreign exchange imbalance.

However, it will still be important to create the required fiscal space to be able to manage the required decline in the debt ratio to 30 per cent of GDP by 2022, to fund the Government's social and infrastructure priorities, and to provide a buffer to underpin more effective natural disaster resilience efforts especially based on our recent experience.

Following the receipt of the expected substantial external funding, it will be essential to improve domestic debt management, control the rising debt service trend and streamline budget financing over 2019 and beyond.

The 2019 Budget Strategy & Indicative Fiscal Parameters

Mr Acting Speaker, consistent with one of the MTF's objectives of securing a gradual fiscal consolidation, the 2019 Budget deficit will be targeted at 2.2 per cent of GDP and the non-resource primary balance targeted at negative 0.7 per cent of GDP. This corresponds to a debt to GDP ratio of 32.1 per cent of GDP assuming the MYEFO projected deficit for 2018 is achieved.

To ensure the credibility of the Government's plans and fiscal strategy, it is important to ensure that fiscal fundamentals remain as programmed, through a continuation of improved revenue collections, enhanced controls on expenditure and with debt levels maintained on the current MTDS trajectory which will allow the required gradual increase in fiscal space.

Enhanced fiscal space is necessary, not only to support our growth strategy over the course of the MTF through critical socio-economic investments, but also to mitigate external shocks in the short and medium term.

Mr Acting Speaker, to meet those objectives, the ongoing Public Financial Management reforms will need to be accelerated in 2019 to reduce leakages, improve the quality of spending and promote value for money. These include, among others, the full implementation of the PFMA, procurement reforms, budget reforms through amalgamating the recurrent and development budget, rebalancing the expenditure path towards capital investment and public wage bill reforms.

The reforms will be facilitated and supported in 2019 by the complete roll out of the Integrated Financial Management System (IFMS) and an improvement in government reporting through the GFS 2014 initiatives. This will result in key government fiscal statistics and reports generated in real time and accurately, that will support monitoring and evaluation efforts as well as transparency and accountability mechanisms.

Mr Acting Speaker, the 2019 Budget's fiscal parameters are consistent with medium term objectives which focus on:

(i) Stabilising the revenue to GDP ratio above 14.5 per cent over the medium term and building up a strong revenue base able to finance the Government's medium and longer-term expenditure plans;

(ii) A medium term expenditure strategy that gradually reduces the expenditure to GDP ratio consistent with long-term revenue trends and delinking expenditure from resource revenue volatility to a significant extent, so as to promote fiscal sustainability and stability; and

(iii) A debt management strategy that delivers more options for lower cost longer term financing within prudent risks levels providing flexibility in financing budgets both through the year and over the economic cycle.

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2019 Revenue Measures - Medium Term Revenue Strategy

Mr Acting Speaker, the 2018 Budget marked the beginning of a multi-year strategy to address falling revenue trends and the 2019 revenue strategy will ride on the back of progress made in 2018. The overall MTRS is focused on improving tax revenues and tax administration, and harmonising and simplifying tax legislation and tax policies.

These are grouped into 3 key pillars of reforms: (i) administrative reform; (ii) policy reform; and (iii) legislative reform.

In terms of tax administration reforms, significant progress was made in establishing a large tax-payers' office, revising tax collecting agencies' business processes and strengthening the compliance audit capacity division. Whilst at advanced stages, these reforms will commence yielding results in 2019.

The set of reforms for 2019 includes, among others, the improvement and/or establishment of regional and provincial tax centres across the country to decentralise tax administration services. These are aimed at improving the efficiency and effectiveness of tax administration.

Mr Acting Speaker, under policy reforms, a number of policies such as the SME tax regime, and changes to excise and export duties on alcohol, tobacco, gaming, and raw products (fish and sawn-logs) have been introduced in 2018, and further refinement will be required in 2019 to achieve the programmed outcomes. With regards to expanding the tax base, efforts such as exploring taxes used in other jurisdictions such as capital gains tax, limiting excessive use of zero rating to broaden the GST tax base, and continuing to review the resource fiscal regimes to reducing the deductible nature of several key revenue heads and to shift focus away from profitability to production.

Legal reform of the tax regime will continue in 2019 with the updating and consolidating of the existing Income Tax Act, preparations for implementation of the Tax Administration Act and, where necessary, simplifying legislation and modernising customs legislation.

These reforms will support efforts to meet the MTFSS targets of stabilising revenue as a share of GDP to more than 14.5 percent throughout the medium term.

The Other Revenue (Non-Tax) category is likely to have peaked in 2018, with significant revenues gained from the one-off sweep of excess cash held in trust and operating accounts of the state agencies and departments through the *Public Money Management Regularisation 2017 Act* approved in 2018. This has provided a reference for annual revenues and so the contribution to the National Budget will more stable and predictable and not left to the discretion of individual Agencies.

The expected improvement in economic activity in 2019, although modest, is likely to improve State-owned Enterprise (SOEs) dividend collections.

However, the financial performance of the SOEs and Statutory Authorities will need to be more closely scrutinised in 2019 as highlighted in the Government's 25 Point Plan.¹¹

Overall, although, the same quantum of "other revenue" is not anticipated in 2019, the

reforms are ongoing and collections are expected to trend above pre-2018 levels.

The indicative Total Revenue and Grants for the 2019 Budget is K13, 058.3 million which is K114.5 million higher than the 2018 MYEFO projections and K327.6 million. This indicative projection is based on the 2018 Mid-Year Economic and Fiscal Outlook and the revised GDP projections in this Budget Strategic Paper.

Expenditure Measures - Total Expenditure and Grants:

Mr Acting Speaker, the 2019 expenditure projection will be guided by the implementation of the 2018 Expenditure Strategy as outlined in the MTFS and the MTDP III.

A series of Public Finance Management (PFM) reforms and stringent measures were adopted in 2018 to undertake the required fiscal adjustment. This was to facilitate the gradual rebasing of the expenditure path to more closely align with the non-resource revenue trend, and de-linking, to some extent, the expenditure growth path from the volatility of mineral revenues and this approach will remain an integral part of the 2019 expenditure strategy.

The Government will continue to prioritise Tuition Fee Free Education, Free Primary Health Care, the Services Improvement Programs at the Provincial and District levels and critical commitments such as to debt service payments. At the same time other expenditure will continue to be managed efficiently by aligning warrants to the availability of cash.

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On this basis, if development expenditures are to be increased to support economic growth and employment, then the Government must gain greater control over the public sector payroll and utility costs which continue to expand at higher than programmed rates.

Mr Acting Speaker, while significant efforts will continue to focus on improving the quality of expenditure, a sizeable amount of arrears have accumulated over the last few years particularly in utilities, office rentals and contractual obligations which will have to be strategically managed in 2019. A number of audits have been commissioned in 2018 in relation to the procurement and distribution of medical drugs, utilities and office rentals and corresponding schedules of payments have been developed to systematically address these arrears and this will continue in 2019 with a view to crystallising all legitimate government arrears with an optimal strategy established to address them.

The public wage bill remains a challenge given its short-term rigidity. However efforts to rationalise and dampen its rapid growth will be elevated in 2019. While the Organisational Staffing and Personnel Emoluments Audit Committee (OSPEAC) and¹²

higher level Public Sector Organisational Reform Taskforce (PSORT) was commissioned in 2018 to oversee this reform, progress has been relatively modest.

An independent payroll audit was sanctioned in the second quarter of 2018 and its findings will shape the work plan of the OPSEAC and PSORT in 2019. In the meantime, the amalgamation and abolishment of agencies and departments exercise that commenced in 2018 will continue in 2019. In respect of capital expenditure, the Government will remain consistent in its development approach.

The 2018 Budget focused on stimulating economic growth with the Government's elevated priority to invest in agriculture, tourism, fisheries, forestry and economic sectors, high impact projects and sustained investments in the social sectors, particularly health, education and law and order services. This approach has been formalised in the new MTDP III to be launched in September 2018 and will form the basis for the 2019 investment plan and so, some expenditure categories may be altered.

The emphasis on broad-based economic growth saw a number of initiatives being introduced in 2018, such as the SME incubation centre, the agriculture commercialisation fund and continued investments in key national infrastructure programs, including the Highlands Highway, the missing link commodity roads programs, coastal jetties, hydro and gas generation power stations and the international submarine cables which commenced the laying of the cable.

These projects are critical as they impact directly on lowering the cost of doing business, improving market access for rural farmers and improving and lowering the cost of communication. They will continue to be a priority in 2019, as the Government progresses its multi-year investment plan.

To strengthen project delivery in 2019, project management and monitoring processes will be reviewed to strengthen institutions governing the overall project management and monitoring process. This will ensure that significant project proposals are thoroughly assessed through cost-benefit analyses, scoped within the multi-year financing schedule, including with adequate counter-part funding arrangements, and also ensuring that the existing projects are adequately funded.

Hence, the indicative total expenditure and Net Lending for 2019 is K14.9 billion, K238.5 million higher than the 2018 MYEFO projection.

Financing Measures

Mr Acting Speaker, in 2019, the Government is projecting a budget deficit of less than K1.9 billion which is slightly lower than the expected 2018 MYEFO outcome of K2.0 billion.

The proposed reduced budget deficit in 2019, although modest, is expected to further ease pressure on the domestic debt market for funds. The gradual restructuring of the debt portfolio towards external debt initiated in latter part of the 2017 and over 2018 to date has, to some extent, eased this pressure. However these efforts will need to be maintained over the remainder of 2018 and in 2019. The restructuring of the debt portfolio does not only reposition the Government's debt portfolio to be more robust structure to weather market shocks going forward, but also mitigates against potential roll-over risk and reduces part of the financing uncertainties over the medium term.

As part of the measures to mitigate these risks and in order to free up funds in the domestic debt market, the 2018 Budget required the Government to embark on sourcing external funding from development partners at concessional rates in the form of "budget support" in 2018.

- A total of US\$600.0 million over three years was programmed starting in 2018 – US\$300.0 million each from the Asian Development Bank (ADB) and the World Bank Group; and

- A total of US\$500.0 million was to be raised from the inaugural sovereign bond issuance to support the 2018-20 fiscal program of which US\$200 million was programmed for 2018. The sovereign bond now is expected to be raised in one issuance of US\$500 million in 2018 with

- The US\$300 million additional amount to budget requirements in 2018 to be used for domestic debt redemptions and/or maintained in a USD account in the BPNG to fund the forward fiscal program.

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Overall, these loans will support expenditure in key sectors, while freeing up space for the Government to continue its debt portfolio restructuring program in 2019.

Mr Acting Speaker, the Government also plans to collaborate with the Bank of Papua New Guinea, key investors and other key stakeholders to develop, deepen and strengthen the market for the government securities. Arrangements are in process to convert the NSL exit

payment debt into domestic securities, allowing the extinguishment of this debt by the end of 2018.

Mr Acting Speaker, I have gone on too long, forgive me. I commend these two documents to the House for reading into the finer print and detail. We still have to crystallise the BSP into the Budget 2019 proper based on the usual consultations and input and economic and other circumstances as they arise. I have just provided the broad guideline going forward.

Of course we are hoping to provide a little bit of tax relief to our people and we will provide those details as we go forward. We also want to place greater emphasis on the law and order sector which is important and we also want to establish some measures to deal with natural disasters and provide emphasis on that.

In closing, just to respond to Shadow Treasurer's questions as I recall them in relation to the figures in the MYEFO, cash flow does not coming as we expect and there is a tendency to make decisions as cash comes in, in terms of priorities and so we may have some ups and downs but in relation to district hospitals to date, K30 million out of the K50 million budget has been provided to the Health Department.

In terms of Church Partnership Program through the Department of Community Development, K4 million out of the K10 million has been provided. Of course as the Prime Minister has explained in terms of the Boram General Hospital counter funding commitment in the East Province, K34 million has been provided.

In relation to the Wewak School of Nursing, that is where only K260 000 has been provided up to date. So there is a shortfall there but in relation to the Health Sector general and the payment of our workers, funding is going through the provincial health authorities and other hospitals being built throughout the country. The Government is doing its very best and you can see the figures here. It is not that these programs are not being funded but significant amount of money is going out for capital works as reported.

So Mr Acting Speaker, that is all and I commend this very important report to Parliament and I thank you for your patients.

Thank You.

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

Motion (by **Mr Sam Basil**) agreed to –

That the Parliament take note of the Ministerial Statement and further debates be made an Order of the day for another sitting day.

Debate adjourned.

ADJOURNMENT

Motion (by **Mr Sam Bali**) agreed to –

That the Parliament do now adjourn.

The Parliament adjourned at 2.00 p.m..