

NINTH DAY

Tuesday 11 September 2018

DRAFT HANSARD

<u>Subject:</u>	<u>Page No.</u>
CERTIFICATION OF ACT – STATEMENT BY THE ASSISTANT SPEAKER.....	2
QUESTIONS.....	2
Gulf Needs Policemen	2
Political Interference in Air Niugini Management.....	3
Supplementary Question - Appointment of Air Niugini Chairman.....	7
Consult Local MPs for DAs Appointment	9
Build Houses for Public Servants - Chimbu	11
Rice Project Status and Future Plans - Markham	12
Supplementary Question - Rice farmers from Philipines	14
ANSWERS TO PREVIOUS QUESTIONS	15
DEPARTMENT OF JUSTICE AND ATTORNEY-GENREAL – PAROLE BOARD – ANNUAL REPORTS, 2015, 2016 – PAPERS AND STATEMENT –MOTION TO TAKE NOTE OF PAPER	20
DEPARTMENT OF PUBLIC SERVICE – IMPLEMENTING AND ACHIEVEMENTS IN FULFILLINGTHE ALOTAU ACCORD II RESOLUTIONS – MINISTERIAL STATEMENT –MOTION TO TAKE NOTE OF PAPER	22
DEPARTMENT OF FOREIGN AFFIRS AND TRADE – GROWING PAPAUA NEW GUINEA’S CONNECTIONS IN A GLOBALISING WORLD – MINISTERIAL STATEMENT – MOTION TO TAKE NOTE OF PAPER	33
ADJOURNMENT	55

NINTH DAY

Tuesday 11 September 2018

The Assistant Speaker (**Mr Thomas Pelika**) took the Chair at 10 a.m.

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

Sitting suspended.

Mr Assistant Speaker again took the Chair at 10.35 a.m., and invited the Member for Lufa, **Honourable Moriape Kavori** to say Prayers:

‘Papa God long heven mipla tok gud moning long yu, nait mipla silip olsem man idai, yu givim mipla niupela laif, niupela de an nau mipla kam long Palamen lo toktok long lukautim pipol blong yu long liklik taim. Papa God mi prea yu stap wantaim mipla long dispela de. Blessim olgeta ministas, Praim Minista, ol ministas, Oposisen na olgeta arapla memba blong Palamen. Wanem tok mipla mekim, dipla toke m iken lukautim displa kantri na pipol blong yu long long displa wokabaut. Mipla prea yu stap wantaim mipla, rausim nogut blong mipla igo longwe. Yu stap wantaim mipla na yu was long tingting blong mipla iken bihainim pasin na laik blong yu olsem tasol mipla iken wanbel wantaim na lukautim pipol blong yu long liklik hap taim. Tenk yu long harim prea blong mipla, lusim asua blong mipela, displa prea mipla mekim long nem blo yu Jisas, Amen.’

**CERTIFICATION OF ACT –
STATEMENT BY THE ASSISTANT SPEAKER**

Mr ASSISTANT SPEAKER – Honourable Members, I have to inform the Parliament that I have, in accordance with *Section 110* of the *Constitution* certified the following *Act* as being passed by the National Parliament:

1. Independent Consumer and Competition Commission (Amendment) Act 2018.

QUESTIONS

Gulf Needs Policemen

Mr CHRIS HAIVETA – Thank you, Mr Assistant Speaker, I want to direct my questions to the Minister for Police and Member for Gazelle. The Minister and Parliament are fully aware that in my province, we have had three discoveries of petroleum made this year, Pasca Offshore, Kimu, on the border between Western Province and Gulf, and Bari-Kewa which is on the road, about five to 10 kilometres from Gobe on the border with Southern Highlands.

You are also aware, and so is the nation that Elk-Antelope which is about 25 to 30 kilometres from Eastern Highlands and Chimbu is going to be the second LNG project for the country.

In light of all of these, is the fact that my province, together with Central province supplies Port Moresby with the majority of betel nut, however, problems have arose from that on the highway between sellers and buyers where it resulted in the death of a Western Highlands buyer. The incursions are occurring because of migrations into project areas by outsiders.

02/09

My questions are:

(1) Are you aware that these incursions are occurring along the highway and also into the province?

If you are not, I would like to inform you that the latest occurred yesterday, where a group of Eastern Highlanders came down into Wabo with high powered firearms and threatened the community.

(2) Is the Minister aware of this situation and if so, can the Minister and the Commissioner look into these incidents?

(3) Does the Minister have a policy for the protecting communities within the precincts of such projects?

It's obvious that project police in forestry concession areas, mining and oil camp operations only look after the interest of the firms operating there, while our communities are left to fend for themselves.

My other point is in relation to policing in Gulf, generally we need about 600 police men and I was informed by the Provincial Police Commander that the police strength on the ground is only 40. So, Mr Assistant Speaker, I want answers from the Minister for Police.

(4) When will he address the policing situation in Gulf to resolve these problems that are now arising?

Mr JELTA WONG – Thank you, Mr Assistant Speaker, I thank the Governor of Gulf.

I am not aware of these incidents in Gulf, but I will talk to the Commissioner and respond you.

We are now looking at restructuring our Police Force. I have been to Gulf with the Deputy Commissioner and we have the statistics on how we can change things.

After this, if you are free, we can sit down and discuss this issue, as you having only 40 police officers on the ground is quite alarming, especially when you need 600. So we have to seriously look at it. I will inform the Commissioner and we can meet here straight after the session to discuss the strategy to take, and the proper policies that can impact Gulf Province and other development areas.

Political Interference in Air Niugini Management

Mr KERENGA KUA – Thank you, Mr Assistant Speaker. I was going to direct my questions to the Minister for State Enterprise, but since he is not here the business of the State has to keep moving so I will ask the Prime Minister, if he can get some clarity from the Minister to respond to these questions.

These series of questions relate to Air Niugini and the political interference of that important state-owned enterprise for which safety is a very important aspect. Which it needs to be professionally managed so that the safety of Papua New Guinea citizens and foreign guests using that airline is always assured.

Mr Prime Minister, if you can kindly take note of my questions and discuss it with the Minister.

(1) Is the Prime Minister aware that the Minister rejected and disapproved the extension of the lease of two Boeing aircrafts, which would have given Air Niugini a savings of K100 million over three years, including K16 million for a part of this year

03/09

These are substantial savings, if the Minister had accepted the recommendations of the board and management to renew those leases.

(2) Is the Prime Minister aware that the Minister's direct interference with the processes of the board and management of Air Niugini this year, led to a loss of K16 million directly?

(3) Is the Prime Minister aware that the Minister has interfered with Air Niugini's normal process of contracting fuel supply to all its aircraft at Port Moresby Jacksons Airport, which expired at the end of June 2018 and that has led to Air Niugini losing the opportunity to substantially reduce its fuel cost over fuel prices?

(4) Is the Prime Minister aware that the Minister's interference has also extended to the method of disposal of surplus assets of Air Niugini, including the recent board and management decision to sell a vacant block of land at 6 Mile, which is surplus to Air Niugini and has been lying idle for many years?

This following question is quite important, every year the Minister has to approve the business plan from the board, which will then underpin the work plan for the year.

(5) Is the Prime Minister aware that the Minister has up to now (September) refused to approve Air Niugini's annual operating plan for 2018, which has seriously damaged the disciplined management of Air Niugini?

The Minister has been previously asked by myself on the Floor of this Parliament to deny or admit whether he was interfering with the management of state-owned enterprises to which he responded by saying he didn't. But these series of questions do prove that he is in the back ground still interfering with the effective management of Air Niugini and many other state owned enterprises likewise; therefore destroying their progress and proper professional management.

(6) Could the Prime Minister do something about that?

Mr James Marape – Point of Order! In the *Standing Orders* as far as matters of questions are concerned, it forbids a Member of Parliament from asking questions with inference.

Mr KERENGA KUA – Mr Assistant Speaker, previously yes, but this time around I am supporting it with real evidence.

Mr ASSISTANT SPEAKER – Member for Sinasina-Yonggamugl, rephrase your questions.

Mr Chris Haiveta – Point of Order! Mr Assistant Speaker, it's highly irregular for the Member to be asking questions to the Prime Minister concerning a minister with personal inferences, that's my first point.

Secondly the Minister has entered the Chamber and it is proper that you rule the questions out of order and he can ask the minister directly.

04/09

Mr ASSISTANT SPEAKER – Thank you, since the Minister is present, you can now ask your last question to the Minister.

Mr KERENGA KUA – All the questions or last question?

Mr ASSISTANT SPEAKER – All the questions.

Mr KERENGA KUA – I think Prime Minister is ready. It is a good opportunity to enforce the rules of punctuality. The business of Papua New Guinea must not stop just because one minister not present, and the Prime Minister is ready and I am happy to receive his answer.

Thank you, Mr Speaker, for the last question, let me make it clear, I am not asking the same question again. But on the basis of evidence which is now available, the Minister's previous denial of not interfering with the operations of state-owned enterprises is not correct.

There seems to be continued interferences with the operations of the state-owned enterprises, so what will the Prime Minister do?

Mr William Duma – Point of Order! The Member must be specific. Specify the instances, it's unbecoming of leaders to make general assumptions. I don't need to answer these question

Mr Speaker, It is only fair that I will be given the opportunity to respond to these questions. The Member thinks he knows everything, Mr know-it-all, but I am here to answer his questions.

Mr ASSISTANT SPEAKER – The point of order is out of order, so the Member for Sinasina-Yonggamugl can continue your question.

Mr KERENGA KUA – Thank you, Mr Acting Speaker, the reason why I am asking these questions is because I don't know, so the more learned people can educate me. These are not general questions, these are supported with the specific instances of interferences which I alluded and if he had a grace and courtesy to be here on time, he would have heard it.

My final point is, would the Prime Minister do something to make sure the Minister, for State and Enterprises does not interfere with the operations of the state-owned enterprises, which have been underperforming continuously over the years because of such interferences.

Thank you, Mr Assistant Speaker.

Mr PETER O'NEILL – Thank you, Mr Assistant Speaker. I thank the Member for Sinasina-Yonggamugl for his series of questions.

Mr Assistant Speaker, these are six detailed questions, so Member can give us those questions in writing and I will certainly get the minister to respond to him tomorrow after question time, so that he can be aware of the details that he is seeking.

Mr Assistant Speaker, just generally for the House and the Member's information, the Minister certainly has carriage over the responsibility on many of the state-owned enterprises. He's brief comes from the Kumul Consolidated Holdings where organisations like Air New Guinea provide annual operating plans for the Minister to take to Cabinet for approval.

The Kumul Consolidated Holdings goes through those plans and if they find these plans unrealistic, they advise the Minister who returns it to the state-owned enterprise to redo the plans as required by the shareholder and the Minister.

So, there are due processes that takes place before it reaches Cabinet for the annual operating plan for each organizations to be approved. This is so that organization don't live beyond their means

Mr Speaker, they must be realistic in their plans for the year, that is the capital investments must conform to *Public Finance Management Act 2014t* and the requirements that

public needs to know. Certainly, in the case of Air New Guinea, the last thing we will want to do is compromise safety.

Mr Assistant Speaker, Air New Guinea has a very proud record or very highest standard of safety for any airline in the world. I think it's only second to Qantas globally. I believe very much that this tradition still stands in the management of Air New Guinea and its operations.

05/09

We know that Air Niugini has suffered some losses in recent times and many members are now aware that we have changed the board of Air Niugini by bringing in a more business approach into the board level, so that they can have a closer supervision of the operations of Air Niugini.

I can assure the House that we have concluded the due process of recruiting a new CEO for Air Niugini. A well experienced industry expert with a lot of years of experience has been identified and that person will be appointed over the course of this week as soon as the Minister brings the submission to Cabinet. Our aim is to put Air Niugini back on track and I know for certain that the House also requires that.

In terms of the fuel supply that the Members has alluded to, we know that there is a dealer that is *2014* supplying Air Niugini at present, but the dealer is buying from a supplier who is already in the country, that is the case with Puma. We know there are some mark-ups with the fuel that is being supplied to Air Niugini. Our aim is to get Air Niugini, one of the biggest consumer of fuel in the country to buy directly from the main supplier, rather than getting it from a middle man. This will save a substantial cost for the fuel which goes towards fuelling our aeroplanes.

This is because the middleman that is now charging huge mark-ups on the supply that they provide to Air Niugini.

So, it is our responsibility to reduce that cost.

For the second question regarding the disposal of a vacant piece of land, I am not aware of the details, but the Minister will respond to you in detail tomorrow after Question Time.

Supplementary Question

Appointment of Air Niugini Chairman

Mr ALLAN BIRD – Thank you, Mr Speaker, now that the Minister is in, do I direct my supplementary question to the Minister or to the Prime Minister?

Mr ASSISTANT SPEAKER – You direct your question to the Prime Minister.

Mr ALLAN BIRD – Thank you Mr Assistant Speaker, in relation to the responses that were just given by the Honourable Prime Minister, my concerns are as follow and my first question is this:

(1) Given that the new Chairman of Air Niugini is also the Chairman of Bank South Pacific and given the serious financial situation that Air Niugini is in, is it an expectation that this will make borrowing from Bank South Pacific easier?

(2) If so, is this a positive thing for the airline and for BSP with which of course, the State is also –

Mr James Marape – Point of Order! My point of order is that the Parliament needs to be reminded that hypothetical questions, imputations, inferences are prohibited. The Clerks need to remind the Speaker that these sort of questions are prohibited by the *Standing Orders*.

This is a hypothetical question that the good Member is asking. Under the *Standing Orders, Section 141* explicitly prohibits members from raising such questions.

Mr ALLAN BIRD – Mr Assistant Speaker, it is not an inference!

Mr ASSISTANT SPEAKER – Sit down Governor, your supplementary questions are out of order, the Minister is correct. Go ahead, ask the Prime Minister.

Mr ALLAN BIRD – Prime Minister, does this not place the Chairman in a conflict of interest situation?

06/09

(3) The largest debt owed to Air Niugini by the Government is of some K70 million. Could the Prime Minister confirm if these debts have been paid?

Mr PETER O'NEILL – I thank the Governor of East Sepik for his questions. I will take on the last question first regarding government debts and then move on.

Mr Assistant Speaker, I can assure the good Governor that the Government has already paid K60 million to Air Niugini several weeks back, therefore the Government's obligations

to Air Niugini are being met on a timely basis so that the cash flow position of the airline is improved.

Mr Assistant Speaker, in terms of the Chairman of Air Niugini, his appointment is done because we know that the tenure as the Chairman of BSP is coming to an end. These are very experienced businessmen and women who are able to make the changes and the hard decisions to rescue the airline. If we continue to make losses that are being made by the airline, then within the next two years, we won't have an airline and that is why we have to make these hard decisions today.

Mr Assistant Speaker, we have seen that fuel costs have increased and we are buying at very high prices. The spare parts are not bought at competitive prices, the servicing and engineering costs are certainly very expensive and are done overseas which is forcing us to pay in US dollars. We are now bringing all those services back into the country so that it can be done by Papua New Guineans. We have the expertise to do these things and I don't know why it was given out. The board has been given specific directions to cut-down on the foreign airline destinations where we are not making money. This is so that we are going to save some money.

Mr Assistant Speaker, we are now leasing some of those planes from Icelandic Air and we are renegotiating each one of them. We have placed orders for our Boeing 737 which are coming and Air Niugini will own and operate as our own planes within the next two years.

Mr Assistant Speaker, BSP is one of the financiers for Air Niugini. I can assure this Parliament that without BSP's support for Air Niugini, we probably wouldn't have the airline. Let us continue to work with the institutions in our country, so we keep our money, our expertise and we build our capacity like engineering within our country to improve the services for our people.

Consult Local MPs for DAs Appointment

Mr JIMMY UGURO – I wish to direct my questions to the Minister for Public Service.

Mr Assistant Speaker, the CEOs and the district administrators in the districts play an important role at the district level. However, there are many complaints that we receive regarding the appointments of district administrators. There are certain provincial administrators who are making appointments at their own accord, without consulting the Open Members

Can the Minister give clarity to the Parliament and the people of Papua New Guinea on the appointment of DAs and CEOs as required by the *Public Service Management Act of 2014* and the *District Development Authority Act*?

Mr ELIAS KAPAVORE – I thank the Member for Usino-Bundi for his question. I can confirm that I have received letters of complaints from some of the local Members of Parliament regarding the manner in which some of the administrators were treated by provincial administrators.

Mr Assistant Speaker, *section 73 of Organic Law* mandates the Office of the DA and *section 22 of the DDA Act* also mandates the Office of the district administrators. But, I will answer the question regarding appointments in the context of the *Public Services Management Act, section 64*.

07/09

Mr Assistant Speaker, *section 64 of the Public Service Management Act* states clearly that the provincial administrator's appointment is made on merit-based selection process and in consultation with the Open Member of Parliament.

The *Acts* are very clear and I have received a couple of letters from the local Members of Parliament who complained that the termination, appointments and other decisions made by the provincial administrators were done without consulting the local members.

I would like to say today that my Secretary has written to the provincial administrators advising them of this particular section of the legislation to ensure they comply with it. So they maintain the political and bureaucratic harmony at the district level.

The *Public Finance Management Act 2014* ensures that at the national level, a merit-based criteria is used and after that the short list is done. The list is given to the portfolio minister who recommends the appointee for the departmental head. And that also goes to the governors of the provinces.

The preferred list of candidates for the provincial administrators are given to the PA and the NEC council members to give the preference to the NEC and that also goes down to the district level. I urge the governors and the provincial administrators to make sure that they make their decisions in consultation with the legislations, so we maintain political harmony at the district level.

I would like to emphasise that District CEO play an important role at the district level. They lead the LLG structure at the district level which is the third level of the Government. Therefore, we need to ensure that the environment they work in must be conducive in supporting our Open Members of Parliament.

Mr Assistant Speaker, the Secretary for DPM is the principle advisor to NEC and the Minister for Public Service with regard to all public service matters in the country, especially

to decisions such as appointments, suspension and termination. All decisions on the district level must be done in consultation with the DPM so that the harmony is maintained.

Build Houses for Public Servants - Chimbu

Mr MICHAEL DUA –Thank you, Mr Assistant Speaker, my question is directed to the Minister for Housing.

In 2014, there was an MOU signed between the former Minister for NHC and the Simbu Provincial Government to build houses for public servants in my province who are currently living in run-down houses. Most of these public servants are residing in squatter settlements and go out to do government work.

Four years has lapsed, can the honourable Minister assure my public servants on how soon their houses will be built?

Mr JOHN KAUPA – Thank you, Mr Assistant Speaker. I thank the Governor of Chimbu for his question concerning housing for public servants in Chimbu. This project was initiated in 2014. It was to build the houses in an area that was about 5 minutes' drive from Kundiawa around Rani and just past Wara Simbu. The former management of NHC launched this, but to date there has not been any budget for this projects to initiate construction.

My management has identified these incomplete projects and Chimbu is not alone; there is one in Nadza, one in Minj, also in Goroka and in Wewak.

All these projects are incomplete and the Governor is correct in saying that we need to work this out. I am aware that most of our public servants need a house, but currently we have no funding on this. All we are doing is reviewing the projects to make a submission to NEC so we can secure more funding's to accommodate these incomplete projects in all the provinces.

08/09

Governor, I can assure you that your questions has been taken in consideration. The NHC management team has discussed with respective provincial governments to release all the NHC property. The first province to carry out this exercise is Gulf Province which will be followed by East Sepik Province.

As the Governor for Northern has mentioned, yes, all the NHC houses in all districts will come under the care of provincial government, so that everyone concern must liaise with their respective governors to facilitate those NHC houses. In fact, these houses needs major

renovations, so all governors must take up the responsibility to allocate some funds from DSIP for maintenance work to be carried out on these properties.

Rice Project Status and Future Plans - Markham

Mr KONI IGUAN – I want to direct my questions to the Minister for Agriculture and Livestock.

Mr Assistant Speaker, before I ask these questions, I want to thank the Minister with Trukai Industry for putting Markham on the shelves in all major supermarkets thorough country through the sale of locally grown rice, now packaged and sold as ‘Hamamas Rice’. Hamamas Rice is grown in Markham Valley and its on the shelves of all stores and it tastes better compared to other packaged rice, so you all must try it out.

Mr Assistant Speaker, I really appreciate what Trukai Industry has done for my people in Markham. Markham Valley is called the food hub of PNG and Markham is ready to grow rice to feed all of PNG. Therefore, I thank the Trukai Industry for taking this bold step in helping my people in the district.

However, disappointingly, as the local member, I was never involved in any meetings between Trukai Industry and the landowners of Markham on how they will go about in helping this project become a reality.

Even certain trips taken by the Minister and his team to my districts to meet the rice growers was done without my knowledge and therefore, I was always absent when during their visits.

Yesterday, they launched the Hamamas Rice and I, as the Member representing the district wasn’t invited to witness it.

In fact, when I first became a Member, I bought a tractor and started this rice project with the assistance of local farmers. But to date, I have not participated in meetings since the commencement of this project. I am still in dark on the status of this project. The people of Markham are willing to use their land to grow rice.

(1) Can the Minister inform the people of Markham on the status of the discussions with the Trukai Industry on the involvement of the landowners in this project?

(2) Are there any avenues available for Trukai Industry to assist in acquiring some more portion of land to extend this rice project?

09/09

This is so that Markham can increase the scale of rice production to feed Papua New Guinea.

(3) Does Trukai Industry have any plan for the future of the rice grown in Markham, are we going to depend entirely on the rice mill for Lae or will they construct a new rice factory in Markham ? Thankyou Mr Acting Assistant Speaker.

Mr BENNY ALLAN – I would like to thank you to the Member for Markham for his very important question in relation to rice.

Mr Acting Assistant Speaker, on behalf of the Department, I would like to apologise to the Member for Markham for the previous visit that we took to see the project that Trukai Industry undertook. I think we went two times and it's true I confirm that we overlooked the local Member when going there.

It was the Trukai's Industry's arrangement. They invited the Minister for Commerce and Industry and myself on those two occasions. I want to apologise for not informing you prior to that visit Trukai Industry.

Mr Acting Assistant Speaker, Papua New Guinea has been importing rice for a while. At the moment, PNG imports about four hundred thousand tonnes of rice from overseas which costs us about K600 million to import rice and Trukai Industry is one of the big players in the industry. It dominates about 70 per cent of the market, however, under the rice policy from 2015 to 2030, Trukai Industry is calling on players inside the industry to grow rice locally until such time that we will replace our imports.

Trukai has taken the lead to grow the rice in Markham and involving your people as well. Markham truly is the food world for food inside Papua New Guinea including Sepik and some places in PNG like Baiyer.

I would like to thank your good people from Markham that they have formed ILG and Corporative to work together with Trukai to go into that project.

The first harvest that they made was they grow the rice about five hectares and they harvest it about three tonne and when they put it through the mill to process it, one hectare can produce two tonne of rice so after its been milled and packed and the amount of rice on the shelf of stores today in Lae and Port Moresby, one hectare can produce two tonnes of rice after it has gone through the process of removing the skin and other stuffs which is not necessary to go in the rice packet. So we have big potential to produce and grow rice locally.

10/09

I want to ask Trukai Limited to include you on the delegation travelling down south. So, Member, I want to assure you that , I will advise Trukai and further visits by Trukai, we will notify you so you are aware of what Trukai is doing in terms of rice farming in that area.

Trukai also plans to invest in Mul-Baiyer and I thank the Member for Mul-Baiyer for his commitment and his cooperation in bringing Trukai to farm rice and grains. Others have also expressed interest and I want to say thank you. We have a big potential to grow rice. I am also thankful that Jimi electorate went out of their own way and farmed rice and have started selling that rice in Hagen. I have also heard similar stories from Western province and Enga, they also expressed interest to farm rice so we have a big potential. We need to work together to grow rice and replace the imports. Our Rice Policy 2015 to 2030 states that we can replace our imports in the next 20 to 15 years.

So I thank the Member and his people for their support, we need to work together with him to expand the rice project in Markham area. Thank you.

Supplementary Question

Rice farmers from Philippines

Mr JOHN SIMON – Thank you Mr Assistant Speaker. We have heard what Trukai is saying, but there will always be a conflict of interest because Trukai Limited makes a lot of money out of rice.

Can the Minister also elaborate on the plans to bring in rice farmers from Philippines to plant rice in the country?

Mr BENNY ALLAN – Thank you, Member for Maprik for asking these questions. I thank the Prime Minister that during an APEC meeting in Vietnam, he met with the President of Philippines and discussed the possibility of growing rice in Papua New Guinea. After that initial discussion, the interest of Philippines to grow rice in our country has grown and I am grateful to announce that today we have a demonstration or pilot project at 14 mile before PAU.

This project was launched two weeks ago. The Treasurer was also present for this launching. It's about 25 hectares and it is a government to government arrangement not a private investment. This project aims to show our food security and the importance of it. We are dependent on imports. Rice is imported from Vietnam, Taiwan and Australia, but we are faced with the challenges of climate change. One day, when there's food shortage, these

countries will worry about their own population. So, in terms of food security, it is important that Papua New Guinea has to grow its own rice or other food crops to sustain the country for such times. The Philippines, Israel, China and Korea have expressed interest to grow rice in the country. Therefore, I thank the Prime Minister because it is through his initiative to start up dialogue with the President of Philippines that has brought about the project at 14 mile. This is a demonstration farm where farmers from other provinces will come here to train so they can return to their respective provinces and start farming rice.

11/09

I want to thank the Governor of Central province for his support and I also appeal to the Members for central Province to mobilise their landowners to participate. Some of these investors are seeking land to start these farming projects and the Department of Agriculture and Live Stock has no land. They are looking at 10 000 to 100 000 hectares of land. The Department does not have such quantities available to grow rice.

I appeal to the members to mobilise their land owners and prepare them to work with these investors to farm rice. Rice is a staple food in the country and we have taken steps through the Department to grow rice to sustain our population in terms of food security.

Thank you, Mr Assistant Speaker.

ANSWERS TO PREVIOUS QUESTIONS

Mr WILLIAM DUMA (Hagen Central – Minister for Public Enterprise & State Investments) – I ask leave of Parliament to make a statement in response to the questions raised by the Governor of East Sepik to the Prime Minister last week

Leave granted

Mr Assistant Speaker, we all may be aware the 4G network is currently owned by Telikom PNG, while the 2G, 3G network were operated by BMobile.

The 4G network was priced aggressively since its launch. Its products were in some instances, 60 per cent cheaper than similar products in the market.

The newer 4G network owned by Telikom Mobile was competing with the older BMobile 2G and 3G consumer base, so we had two state-owned enterprises competing against each other, thereby allowing Digicel the freedom to operate without competition.

The unfortunate situation until recently was that while our own Telikom Mobile and BMobile were competing against each other for around 15 per cent of the entire PNG market, Digicel was enjoying 85 per cent of the market at prices which were 30 per cent more than those charged by our mobile companies.

Mr Assistant Speaker, in March 2018, the board of Kumul Telikom Holdings Limited unanimously agreed to align the mobile communication pricing across the mobile network. This would see 2G, 3G and 4G pricing aligned to ensure that the new 4G premium services were not eroding the markets of wider used services in 2G and 3G market, and that the wider subscribed services were more competitively priced to those currently offered.

On July 1, 2018, as part of the merger of the three state-owned telecommunications entities, BMobile took over commercial and operational responsibility of the 4G network owned by Telikom Mobile.

This coincides with the implementation of the new pricing structure. This saw a reduction in prices across the wider subscribed 2G and 3G products. We must differentiate the pricing between 2G, 3G, and 4G products. There were price increases introduced on the premium 4G products. All data prices remain competitive to Digicel's products.

The following are details of the pricing structure:

- For 2G and 3G pricing has reduced up to 35 per cent across the product range and they are competitively priced;

- At the low end you can be charged K3 for 50 megabyte for one day the pricing is unchanged.

- At the mid-range, you can be charged K50 for one gigabyte for 14 days, the pricing has reduced by K10.00 which is about 20 per cent.

- At the higher range, one can be charged K375 for 10 gigabyte for 30 days, this means the price has reduced by K125, which is about 33 per cent;

Mr Assistant Speaker, 2G and 3G subscribers account for 200,000 of the 300,000 Kumul Telikom subscribers.

12/09

The total subscriber's base is 2 million customers in PNG for which Digicel the main competitor, holds 85per cent market share;

Mr Assistant Speaker, 4G premium products were introduced up to 60 per cent below any product in the market place to drive growth; the total investment in the 4G network by KTH was K600 million; for 4G, at the lower range (K2.00 for 60 megabyte for one day) the pricing is unchanged. At the mid - range (K25.00 for 1 gigabyte for 14 days) the pricing has increased by K10.00 (40 per cent). At the high range (K175.00 for 10 gigabyte for 30 days) the pricing has increased by K85.00 (48 per cent); and promotional prices on the 4G product were introduced in the second quarter of 2018 to drive volume.

Unfortunately, this did not achieve the outcomes expected and only reduced traffic across the 2G/3G products. BMobile now operates 579 mobile phone towers: 84 of these are 2G towers, 123 are 2G/3G, 178 are 3G, and 194 are 3G/4G. PNG does not currently have a 5G network
Price Harmonization Rationale

The increase in Telikom pricing is part of the alignment of mobile data pricing across the KTH Group.

Mr Assistant Speaker, prior to the changes, BMobile 2G and 3G rates were slightly more than Digicel, while Telikom Mobile's 4G rates were lower - in some cases, up to 60per cent cheaper. It would be impossible for the 2G and 3G services to remain competitive without a reduction in prices. And equally, the 4G pricing was too aggressive to deliver a comparable return on investment.

The consolidation of mobile data pricing under BMobile is a necessary feature of the restructure of KTH. It allows KTH to focus on winning new customers instead of poaching them with internal competition. The competitor is the foreign-owned Digicel - who continues to hold over 80 per cent of the market.

KTH now has the best 4G network in the country and now with harmonized, competitive pricing, it can develop the market for that network working together.

Mr Speaker, the retail mobile market is dominated by Digicel which has 85per cent of the market while our very own Telikom Mobile and BMobile were competing against each other for only around 15per cent of the market at prices which are 30per cent cheaper than Digicel. However, with the new 4G network and more competitive and aligned prices, KTH will provide real competition for Digicel across its 2G, 3G and 4G products. This is a price structure built for growth, with value driven through the higher subscribed 2G and 3G products. The KTH pricing is competitive and will drive a wider more value driven pricing regime in the

market. All service providers will look to increase value propositions with the consumers benefiting.

13/09

Digicel has gone to the market with some promotional 4G rates, but generally the BMobile prices are still cheaper.

We must now take into account the following:

- 2G/3G high subscriber market pricing has dropped by 33per cent;
- 4G product increases have been realigned to harmonise the pricing with 2G/3G products. In other words, the premium 4G product was priced lower then 2G/3G products which destroyed BMobile's market share; and

- Our customers are measuring the new 4G price against promotional rates, which are only temporary in nature.

Coinciding with the scheduled end of introductory promotional pricing and as a result of the price alignment, the premium 4G network increased. The average increase across the new rack pricing was 37 per cent. The new rack pricing remains competitive in the market, but in some instances depending on whether it is 2G, 3G or 4G, it's between 20 per cent to 30 per cent cheaper than Digicel. We must remember this, at the end of the day, our product still remains cheaper than Digicel.

Mr Assistant Speaker, like most emerging economy countries, internet prices will fluctuate, but generally will fall over time coinciding with investment and employing improved technologies. From 2012 to date, internet pricing in PNG has fallen significantly from K50 per GB to K25 per GB.

The communications pricing offered by our state-owned communication companies has fallen significantly, year on year, despite massive investment in infrastructure by the O'Neill Government. The companies continue to invest in broadband infrastructure such as the following:

- construction of 370 new 3G and 4G towers at a cost of K600m across the country thereby building resilience into the networks, improving services, and reliability;
- the first international submarine cable built to PNG in more than a decade, bringing more price reduction and greater levels of connectivity and reliability; and

- domestic submarine cable infrastructure built in PNG, for the first time in our history. This will not only reduce prices, but provide Papua New Guinea citizens with greater levels of services.

We will see the end of expensive satellite connectivity and the introduction of value driven, reliable terrestrial networks.

Mr Assistant Speaker, subject to the approval of the National Broad Network (NBN) Phase 2 project by the Government, we will soon see increased services such as 4.5G and 5G communications services, with an additional 400 towers. PNG will be a leader of these services in the Pacific region.

Since 2012, mobile phone penetration and internet penetration and coverage in PNG has grown to well over 40 per cent of the total population.

The significant investment in the state-owned communications companies will eventually drive sector growth across the country. Rural agriculture-based industry will benefit from online transactions, weather and commodity information and financial services.

Schools will benefit from online education resources and internet-based administration. Health services will benefit from domestic and international connectivity to assist the delivery of rural medical services. Local economies will thrive as services become easily accessible, more affordable and more reliable - all initiated by the O'Neill Government.

Mr Assistant Speaker, the merger activity undertaken by Kumul Telikom Holdings will provide the country with a competent, well-structured communications entity. This will mean jobs for our people and job security for our existing employees; this will mean quality communication services for our country. This will mean that a wholly-owned PNG company can finally effectively compete with confidence and credibility against a competitor such as Digicel.

Mr Assistant Speaker, we must appreciate the following:-

- the Kumul Telikom Holdings Group merger will create a communications entity that will competently service the needs of our people in both wholesale and retail sectors;

- the merger is designed to work through the challenges faced by two current state-owned mobile entities

- the merger will result in only one state-owned mobile company, instead of two companies competing against Digicel and will help our own single company increase its market share from around 15per cent to at least 50per cent in the medium term, as currently Digicel has 85per cent of the market

14/09

The merger is the best way to deliver efficiency and productivity, to deliver services, to protect jobs and protect the nation's communications assets.

Finally, we have a choice - we either do not do anything and allow a foreign-owned company to continue to enjoying 85 per cent of the market and charge rates which are 30 per cent higher than those charged by two state-owned mobile companies who only enjoy 15 per cent of the market, or make the hard but necessary decisions and merge the two companies into one with a range of 2G, 3G and 4G services with different prices, which are still nowhere near those charged by Digicel, and at least meaningfully compete and achieve the desired outcomes in the long term. Thank you, Mr Assistant Speaker.

**DEPARTMENT OF JUSTICE AND ATTORNEY-GENEREAL –
PAROLE BOARD – ANNUAL REPORTS, 2015-2016 –
PAPERS AND STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr DAVIS STEVEN (Esa'ala – Minister for Justice and Attorney General) – I present the following paper pursuant to Statute:

Parole Board Annual Report 2015, 2016.

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

Leave granted

Mr Assistant Speaker, the mission of the parole board is to administer the parole system with regard to the protection of the public in compliance with the enabling statute namely the *Parole Act of 1991*.

Mr Assistant Speaker, a survey of past reports presented by the Parole Board shows that the intervention called the fast-track programme was established to ease the backlog applications for parole and the cost of maintaining prisoners in jails. This reports showed that there could be potential savings, if more prisoners were processed properly and released under a well-managed and controlled parole system.

Mr Assistant Speaker, the 2015 and 2016 Annual Report show a clear evidence of successful implementation of this fast-tracking programme where long lists of applications for parole from various jails in our country were cleared. For example, in 2015 a total number of 134 detainees across the country were eligible for consideration for parole. Their names and cases were submitted by their respective prisoner institutions and recorded by the board. Fifty-two of these detainees were granted parole, 62 of them were refused parole and 20 still have their cases pending.

In 2016, the reports showed that a total number of 219 detainees across the country were eligible for consideration for parole. Hundred and seventeen of these detainees were granted parole, 90 of them were refused and 12 still have their cases pending. Those detainees who were refused parole, but entitled to be considered for parole again upon application after 12 months from the date of the Board's decision in declining their application.

15/09

Mr Assistant Speaker, the Parole Reports of 2015 and 2016 also recommended a review of the *Parole Act 1991*. Among other issues, the membership and the term in office for the Parole Board members were recommended for review.

The Department of Justice and Attorney General considered the recommendations identified in the Reports of 2015 and 2016 and conducted a review of the *Parole Act*.

I am pleased that the National Executive Council has recently endorsed the proposed amendments to the *Parole Act 1991* in light of the review,

Mr Assistant Speaker, a notice has been given to the House for such an amendment bill to be presented in this session of Parliament. I urge the members of Parliament to read the text of the proposed amendments and to come prepared to make a good law.

Mr Assistant Speaker, the Parole Board continues to play its role of making independent, just and expedited decisions in relation to the applications for parole and granting orders for the release of prisoners on parole where appropriate.

I have recently directed that a complaint of grievance procedure be put in place to take grievances of victims of crime or other persons of interest.

Mr Assistant Speaker, with the support of the Office of the Public Solicitor, aggrieved persons can be provided legal aid.

The success and effectiveness of the parole system in our criminal justice administration depends very much on the collaboration and strong cooperation of all institutions of

government, non-governmental organizations, faith-based organizations and communities to provide a just, safe and secure society for all to live in.

The officers of the Correctional Services and officers from the community-based corrections branches of the Department of Justice & Attorney General continue to collaborate and support the work of the Parole Board and the administration of parole generally in the criminal justice system in our country. Their efforts are commendable.

Mr Assistant Speaker, with that I now table the Parole Board Reports of the year 2015 and 2016 respectively to this House.

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

That Parliament take note of the Paper and debate be made an order of the day for subsequent sitting.

Debate adjourned.

**DEPARTMENT OF PUBLIC SERVICE – IMPLEMENTING AND
ACHIEVEMENTS IN FULFILLING THE ALOTAU ACCORD II
RESOLUTIONS – MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr ELIAS KAPAVORE (Pomio – Minister for Public Service) – Mr Assistant Speaker, in my first address to this Honourable House in October last year, I gave an assurance that my Ministry and the departments and agencies under my control would maintain policy continuity with a new emphasis and focus on effective service delivery at provincial and district levels.

I gave a pledge to focus on and to advance key areas for this purpose which I would like to present to date.

(1)The right-sizing, abolishment, amalgamation, cost saving and removal of organizational inefficiencies.

Mr Assistant Speaker, the Vision 2050 calls for continuing reforms in the Public Service.

My ministry is tasked to undertake organizational reviews of 12 Government departments, offices and six statutory authorities. The review covers amalgamation with other

agencies, reform of their functions and abolishment to achieve cost savings and greater efficiency.

Under the leadership of the Secretary for the Department of Personnel Management (DPM), a Public Sector Organization Reform Team (PSORT) with assigned members from the central agencies has been established within DPM and started operating on May 1, 2018 to rapidly bring this programme to fruition in preparation of the 2019 Budget.

They have had various consultations with and support from agencies and ministries affected. A number of directives.

16/09

The PSORT has faced challenges especially with certain Ministries regarding the implementation of the NEC decisions. In conjunction with the respective portfolio ministers, I will be bringing the necessary bills to Parliament to abolish redundant legislations.

I will inform the House in my next report on the potential savings that will be achieved through staff reductions.

(2) Implementing cost controls/savings measures and the economic recovery programme

Mr Assistant Speaker, their personnel emoluments budget, comprehensive and advanced GoPNG Fortnightly Advisory Report on organisational and staffing efficiency, and expenditures has been developed in the Government's Ascender Payroll System.

The analysis of personal emolument expenditure to date against the 2018 budget has been completed and a report is being prepared for the NEC. The report has identified those agencies that have essentially failed to control their unattached staff and their staff ceiling against the approved establishment.

Mr Assistant Speaker, as at Pay 17 of 2018, the total count of public servants paid on the Ascender Pay IIIRP System stands at 119,370. The break-up comprises of teachers 61,281, non-teachers 46,178, land mobilization 1,297 and village courts 10, 614.

There are total of 22,038 public sector jobs currently not filled. The corresponding potential savings is K725,448,504. All vacancies both funded and unfunded have been frozen in the Ascender Payroll System as at 20 December, 2017. My department has been strictly monitoring to support the current freeze on recruitment. The only exception is to the essential service providers as and when required.

There are 1,927 employees who have reached retirement age, including those in the compulsory retirement age of 65 years who have been identified as part of the aging workforce.

Many of them are unattached and redundant. The overall estimated cost to retire 1,927 employees is approximately K40 million kina.

In 2017, a total of K9 million has been released by Treasury to pay out 305 retirees. As of May 17 of 2018, a total of 302 retirees have been paid and terminated from the payroll. This is natural attrition process and therefore will result in cost savings, if the officer is unattached. The planned retirement exercises is ongoing.

Mr Assistant Speaker, the unattached employees are categorized as 'unbudgeted' component of the personal emoluments budget. However, according to the Government pay policy, these employees are counted as part of the total staff on strength; therefore, should be accounted for in the agency budget until such time they are properly dealt with through the appropriate provisions under their terms and conditions of employment.

Mr Assistant Speaker, there are 6,167 unattached officers with a corresponding total cost in terms of salaries and allowances around K2 million per fortnight. These officers are 'technically' unattached while awaiting to be re-deployed or substantively appointed to vacant positions through the normal selection and recruitment process. From the 6,167 unattached employees on the Ascender Integrated HR Payroll System, 1,305 have dropped off through redeployment and termination. The remaining 4,962 will be dealt with through the ongoing internal selection, redeployment and retirement process.

Mr Assistant Speaker, to further clarify on the unattached officers, these refers to generally refers to couple of situations where:

(1) the Officers who have been detached from their positions whilst an agency is implementing a new or refined structure and awaiting the completion of the recruitment process; and

(2) it can also refer to officers who have not been appointed to a position.

In order to avoid increasing unattached officers, my department is considering appropriate policy changes to have all officers to be on performance based contract. Currently only the senior officers are on contract. This will see officers being dealt with properly through performance management systems. Non-performers will be identified and appropriate actions taken accordingly.

Mr Assistant Speaker, the personal emolument expenditure is also drawn from senior officers' contract of employment terms and conditions. There are evidence of abuse and mismanagement of contractual allowances and benefits.

17/09

There is a potential savings of K2, 511,763 from termination of illegal awarding of senior officers contract of employment by some agency heads. An internal DPM audit team has been established to monitor and report back to Cabinet on the progress.

It is also important to note that Offline payments is only confined to payment of final entitlements relating to resignation, retirement and deceased cases and system pays such as top-of-the-range on performance-based salary increments. These are 'unbudgeted' items or unpredicted cost to government.

As at pay 17 of 2018, 764 claims have been processed at the cost of K20m. These are payments made upon request to Department of Finance on a cases by case assessment.

Mr Assistant Speaker, my department has issued a Circular Instruction on July 24, 2018 to all agencies that by Pay No. 20 of 2018 all illegal domestic market allowances and special domestic market allowances will be ceased from the government payroll. These illegal allowances have been the result of agency heads approving these allowances. The power to approve terms and conditions on payment of DMAs other allowances has not been delegated to agency heads, but remain with the Secretary for DPM.

Furthermore, my department is also currently reviewing the *General Orders* to update it consistent with the Government's current Public Service reforms and practices.

In addition a *Special General Order* and relevant circular instructions will be released soon on other cost control areas such as; reduction in the travelling allowance both in-country and overseas, proper management of government vehicles, reduction of car hire rates that are charged to agencies, and restrictions to overseas travels where the State is meeting the costs.

Mr Assistant Speaker, I appeal to agency heads to be responsible in leading and taking control of their organizations. Lack of control and prudent management has led to gross abuse of HR delegated powers to agency heads in 2008.

As part of an interim and immediate measure, my department will be issuing a *Special General Order* to control all these abuses, and that means there will be an immediate withdrawal of all HR powers back to the Secretary for DPM, until we get our house in order. This is part of the review of the HR powers.

A latest case in point, is the withdrawal of HR powers for the Office of the Provincial Administrator for Southern Highlands after a manpower and payroll audit revealed a total abuse ranging from processes to illegal applications and payments. This must stop and I have issued very strong instructions to my department to action this matter immediately.

Mr Assistant Speaker, the importance of all public servants to be on NID is very important and I have received updates from the NID Office that a total of 35 public sector organisations have been assisted with their NID registration since 2017, continuing into 2018.

It is reported that over 5000 employees have been registered; however, most of the employees in both the public service and SOE organisations are yet to be registered and progress is quite slow despite two Circular Instructions released in 2016.

My department will continue to work with the PNG National Civil & Identity Registry on this matter. Work is progressing currently with the health and education sector that will be followed by deployment of staff to provinces, and districts in an MOU by NID and key stakeholders.

I am determined to ensure that all public servants must be on MD and linked to the payroll so we avoid issues of ghost names and double payments, etcetera.

I urge all MPs to support the roll-out of NID to the Provinces and Districts.

(3) Improving Management of Devolution and Payroll Expenditure

Mr Speaker, the efforts of the DPM over the last four years and the establishment of the Organisation Staff Personnel Emoluments Audit Committee (OSPEAC) led by the Treasury Department continues to ensure excessive expenditure of personnel emoluments against budget are being brought under control.

A proposal to engage an independent audit team to respond to the Department's request to do payroll, manpower and data-cleansing programme is being progressed with assistance from Chief Secretary and Central Agency Coordinating Committee members.

We have noticed that the major source of personnel emolument overspending is through the PGAS held in the Integrated Financial Management System which has no HR controls

18/09

This relates to payment of wages through the item 112 budgetary appropriations.

The NEC has directed in the latest cost control measures that the PGAS must be turned-off as soon as possible to remove bogus expenditure on 'personnel emoluments' outside of the Government's payroll system, amounting to an estimated K300 million annually.

Mr Assistant Speaker, let me emphasise here that the policies and procedures for expenditure of personnel emoluments is the responsibility by law of the Public Service Ministry and the DPM under the legislation that I am responsible for.

The Department of Personnel Management took the lead with other central agencies in the roll out of the Government Ascender Payroll System Alesco, has been rolled out to all

departments and provincial administrations, and provincial health authorities for the last six (6) years.

Mr Assistant Speaker, the issue of personnel emoluments over-runs every year has been a major concern for successive Governments and no corrective strategy has succeeded in providing the solution. The focus must now be on holding our agency heads fully accountable for personnel emoluments over-spending.

Agency heads' key result areas and performance indicators include the very specific need to control staffing and personal emoluments against budget ceilings. I will be presenting reports to the NEC on the over spending agency heads and appropriate action must be taken in the future.

The NEC Decision No. 71/2017 on freeze of recruitment is still in force and DPM in conjunction with Departments of Treasury and Finance, is only granting exemption to those essential service agencies upon request

(4) Establishing the Pacific Institute of Leadership & Governance (PILAG)

Mr Assistant Speaker, as the Parliament is aware, the *Pacific Institute of Leadership and Governance (PILAG) Act* was passed in December 2017 and the Act has already been brought into operation as of May 1, 2018.

The PILAG, as an independent authority, will build training partnerships with commercial training firms together with the provincial governments and district development authorities to raise governance and performance standards at the district level.

The PILAG Regional Training Centres are being upgraded and established in the New Guinea Islands, Momase and Highlands Regions, which will link with the main Waigani Training Centre through the latest internet technology.

We are thankful to the Australian Government for the development partnership and the aid funds that have enabled us to develop Leadership and Governance Precinct which will be rolled-out to the Regional Training Centres.

The PILAG will also market its programmes across the Pacific island nations and become a centre of excellence in the Pacific for promoting leadership and governance frameworks that we have developed for our own Public Service.

I am pleased to report that the interim board has been appointed and the plans to bring the PILAG to full operational status with a chairman and board in the 2019 Budget are well underway.

(5) Mainstream Promotion of the Executive Leadership and Governance Framework

Mr Assistant Speaker, the Ethics and Values-Based Executive Leadership Capability Framework and its programmes recognises that service delivery to our people is paramount. It is another priority that the Ministry of Public Service has been focusing on since the programme was launched to ensure a leadership culture of ethical and efficient leaders is nurtured in the Public Service.

My Ministry is promoting the framework through the various training and development programmes at our institutes of learning, co-funded by our development partners, through the Pacific Leadership & Governance Precinct and the PILAG. To date over 2400 participants from national departments, provincial administrations, provincial health authorities, and public hospitals have gone through the executive leadership programme.

This leadership programme led by our government and supported by Australia and other stake holders is forging a new generation of future leaders, both women and men, developing ethical, practical and intellectual leadership for our nation.

(6) Constitutional and Legislative Amendment to Promote Service Delivery

Mr Assistant Speaker, a reform hallmark of our government under O'Neill-Dion Government then, was the creation of the Ministerial Executive Appointments Committee (MEAC) under the *PSMA Regulations 2014* and the *District Development Authorities Act*.

In 2015, the Supreme Court accepted an application, SCA148/2015 by the Chairman of the Public Service Commission to challenge the constitutionality and legality of both the MEAC and the DDAs.

I did express my optimism last year that an undertaking given by the Supreme Court in October 2017 to fast track the court ruling on SCA148/2015 would enable development of the MEAC and the DDAs to be completed. However, no ruling has been made to date.

In the meantime, the Department of Personnel Management in close collaboration with senior lawyers and the Constitutional & Law Reform Commission will be formulating a range of options to cater for the different scenarios that will arise from a Supreme Court Ruling with regard to merit-based executive appointment to promote agency heads accountability.

19/09

Mr Assistant Speaker, since taking Office, I have chaired the MEAC in which each Minister has a direct say in selection of a preferred candidate. At the same time, the Provincial Executive Councils are able to select their preferred candidate for appointment of the provincial administrators by the Head of State on advice.

I am pleased to report that since its inception in October 2014, a total of 65 agency head appointments have been made. This includes 16 departmental heads; 13 provincial administrators and 37 CEOs of statutory bodies. This reflects the effectiveness of the reformed appointment process. We are following up on the acting appointments which has been done so many years ago especially for the PAs

There are currently 49 public sector boards under the *Regulatory Statutory Authorities Act (RSA)* under 25 Ministries. A total of 65 boards and councils are in place, while 15 are yet to be appointed. Important boards such as the Lands board, NHC Board, CASA board and the NISIT board are few of our appointments to date.

I will ensure that the MEAC process continues to make both our political and administrative heads jointly accountable for service delivery.

(7) Online Performance Management System to promote Political and Bureaucratic Partnerships for Service Delivery

Mr Assistant Speaker, the Ministerial Executive Appointments Committee (MEAC) has since the 2015 Budget year promoted the Government's Performance Management Contracts. The process confirms and cements the Constitutional relationship between our political and administrative heads. If you will remember, during question Time today I was responding concerning this area.

Performance commitments agreements establish a clear political-bureaucratic partnership between ministers and their agency heads and between provincial governors and their provincial administrators. This is requirement under PSMA 2014 Regulations S.22.

The DPM has completed the design and configuration of the Government's interactive, web-based online Performance Management System (PMS). This system provides for on line monitoring and review by Ministers and Governors and their agency heads of performance against service delivery priorities. It is important that key performance indicators must be established for all our departmental heads as we appoint them.

My department will be holding a Workshop in October 2018 to induct the performance management system forms for all levels of government from departmental heads, provincial administrators, CEOs of statutory bodies, CEOs of hospitals, CEOs of districts and LLG managers. Awareness workshops have been held with ENBPA, Department of Works and Cocoa Board.

In the 2019 Budget, the online PMS will be progressively cascaded down to managers below agency head level. In my last statement, I reported the progress for submission of annual performance commitment agreements and performance assessment reports is very slow.

Noncompliance to this requirement is serious and warrants disciplinary action.

Mr Assistant Speaker, I'll have to say that appointing our departmental heads for four year terms or three year terms, if we do this right it doesn't guarantee people to be appointed for three year or four year terms. They can be terminated in between for poor performance.

(9) Ongoing Management of Public Sector Industrial Relations and Implementing the Pay Fixation Agreements

Mr Speaker, the industrial harmony and good working relationships between the state services and the public sector unions have been maintained. Three-year pay fixation agreements awarding three per cent annual increase are in place with the Public Employees Association, the Police Association, the Teachers Association, National Doctors Association, and the Nurses Association.

Due to cash flow deficits, funding in the 2017 Supplementary Budget was not applied to implement the increase and no funding was provided by Treasury in the 2018 Budget for the accumulated 2017 and 2018 increase.

However, I am pleased to inform the house that the three per cent pay rise with the 2017 back pay has commenced, with progressive implementation of Teachers Agreement in Pay No. 13 June 2018. All the agreements including Police and Other Discipline Forces, and Public Service will be fully implemented as planned by the end of 2019 with sufficient budget in 2019.

I take this opportunity to thank the Government for paying the three per cent to our public servants despite the economic challenges that the country is going through. This shows the Government's commitments to support our public servants. I urge the public servants to continue to commit themselves to providing services to our people.

20/09

(10) Supporting Health Service Reforms of the Provincial Hospitals and Provincial Health Authorities

Mr Assistant Speaker, my Ministry has been working with the Health Ministry to give greater independence to our public hospitals and provincial health authorities under the management of their respective boards.

The House is informed that the Ministry jointly with the Ministry of Health and HIV AIDS has just brought a number of regulations to conclusion. I will ensure in conjunction with Minister for Health that the long awaited regulations for the proper administration of our hospitals and health authorities are presented to cabinet at the earliest opportunity.

Giving greater autonomy and proper financial support to provincial health boards will witness a major transformation of the health services and bring them to the communities in which they operate. This process will see the progressive decentralisation of the health services under the joint responsibility of the national and provincial governments.

These reforms envisage a long term greater role for the district development authorities in overseeing the delivery of health services to our people. My ministry in collaboration with the Ministry for Health, will seek a policy direction from the NEC to initiate appropriate work to commence.

As a former CEO of a public hospital and provincial health authority, I have recognised the need for specialist medical officers currently occupying administrative positions in the Health Department at Waigani to be deployed to the hospitals and health authorities in the provinces. I will be working with my brother Minister Sir Puka Temu to ensure that these changes takes place.

(11) Participation of Public Servants in the APEC 2018 and support to APEC Coordination Authority.

Mr Assistant Speaker, my Minister has fully supported hosting of APEC 2018. I commend the efforts by the Minister for Justice and Attorney on his the wide ranges of high level discussions with capabilities and exposure which are of huge benefit to some of our public servants who were released to APEC 2018 Coordination Authority.

In September 2017, NEC approved my submission to facilitate the assignment of public servants to the APEC Authority. Cabinet approved the facilitation of a *Special General Order* made by the Secretary for DPM pursuant to the provisions of the *Public Services (Management) Act 2014* for the purposes of delegating to the agency heads the powers to assign public servants to the APEC Coordinating Authority. This was necessary because the current *General Order No.5* does not provide for such arrangement. This staffing arrangement will cease after APEC 2018 closes.

The assigned public servants were guaranteed and APEC assignment agreement so they remain on their respective department's payroll with normal public service terms and conditions including receipt of special APEC incentive allowances during the assignment period.

Since the approval from NEC and implementation of the *Special General Order*, a total of 98 staff are currently attached with the APEC Coordinating Authority. We are satisfied and confident that our public servants who have supported the APEC Authority have gained

invaluable experiences to be treasured for the rest of their public service lives.

From the recent ministerial statement, I am grateful to the departmental heads and those public servants who have participated in this special arrangement, which is the first of its kind in our country. The government has pledged that recent three senior officials meetings (SOMs) has been a major international success and the support of the public service through the assignment process is essential to that success.

My humble plea to the assigned public servants to remain committed to the cause and make our country proud. We still have one more SOM in the coming weeks, and I am confident our public servants will meet the required expectations.

(12) Public Servants to Sign Will

Mr Assistant Speaker, I commend the efforts by the Minister for Justice and Attorney General on his undertaking to restore the image of the Public Curators Office. After being described as 'national disgrace' by the Public Accounts Committee in 2009.

My ministry supports the call from the AG to have responsible adults or bread winners sign off their will with the Office of the Public Curator. Lack of this information in the past has contributed to fraudulent practices with stolen inheritance for many of our unfortunate citizens.

A circular instruction will be issued by Secretary DPM this week for all agency heads to have their respective employees sign their will to be forwarded for the Office of the Public Curator. All SOE and private companies will follow.

Mr Assistant Speaker, in conclusion, we are witnessing true reforms under the O'Neill-Abel Government coalition. The development of constructive partnerships between the Open Members as Chairmen of their district development authorities and the district administrations, in harmony with the provincial governments will be central to enhancing service delivery during our term in office.

That is why it is essential that the Supreme Court is informed of the urgent need to hand down its judgment in SCA148/2015 and the legality of the MEAC and the DDAs. While this is pending, all appointments, suspension and termination of department heads will go through the MEAC process under the *Public Service Management Act 2014*.

21/09

I am confident that by working together through the performance-based political and bureaucratic partnerships that we are creating, we will succeed in delivering on our Alotau Accord II Resolutions in the coming years of the Government's tenure.

During my term in office, I will also be pursuing the *Vision 2050* objectives in Pillar No 1. "Development of Human Capital". Our Country needs a national policy on human resource management and advancement of our people, and my department is now progressing this national policy. I believe that such an initiative will be appreciated by both the private and public sector employers.

I will be pursuing this strategy through the newly created Pacific Institute of Leadership & Governance Program, and my continuous promotion of the two important policies of GESI Policy where we continue to see women as part of the development process and the Executive Leadership Capability Framework to promote the important values and ethics of leadership as we head into the future.

Mr Assistant Speaker, I commend this report to this Honourable House.

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

That the Parliament take note of the statement and the debate be made order of the day for subsequent sitting.

Debate adjourned.

Sitting suspended at 12 noon to 2 p.m.

22/09

**DEPARTMENT OF FOREIGN AFFAIRS AND TRADE – GROWING
PAPUA NEW GUINEA’S CONNECTIONS IN A GLOBALISING
WORLD – MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr RIMBINK PATO (Wapenamanda – Minister for Foreign Affairs and Trade) –Mr Assistant Speaker, I rise to make a Statement to Parliament to inform all Members and the nation on the unprecedented and positive foreign affairs environment in which the Government of our beloved Papua New Guinea is operating.

Firstly, however, may I pay tribute to the hard-working Prime Minister for his leadership role in the foreign affairs space, and the way that we work together as a team.

That cooperative attitude is also reflected in the way my colleague Ministers carry out their responsibilities.

Unprecedented

Let me refer again to that unprecedented foreign affairs environment –one with more potential than any situation in recent years to bring great benefits to our people.

This unusual environment in which we find ourselves has emerged firstly as a result of our decision to host APEC and secondly the dramatic, accelerating focus of the world on the Pacific Ocean region.

This is all taking place against the background of the great themes of our times— globalisation, the rise of the digital economy and environmental dangers: pollution of our seas, challenges to biodiversity; the threats posted by climate change.

Mr Assistant Speaker, our own activities are underpinned by two key principles that guide our foreign policy. The first is: Friends to all and enemies of none; the second, which implements the first is Connectivity to as many nations as possible. Arising out of our foreign policy and the principles that drive it came the decision to offer to be the host economy of APEC.

This decision has been followed up by my participation in a continuing round of bilateral meetings and multilateral engagements, and by the concentrated and targeted efforts by the Prime Minister and the Cabinet members. That work is already beared fruit. Leaders, foreign ministers, trade ministers, officials and media from the other 20 economies are turning their attention to Papua New Guinea. Through focus on APEC there is a rapidly growing recognition of our strategic location, a bridge to Southeast and Northeast Asia, adjacent to Australia and New Zealand and in the Blue Pacific sea continent, with that understanding comes a discovery by many nations that Papua New Guinea is an extremely resource-rich part of the world.

We are a country that will reward investment and trade, and we are a spectacular destination just waiting to be developed for specialised tourism.

In connection with that. When I chaired the recent APEC meeting of the Ministers Responsible for Trade and advocated the need for sustainable, innovative and inclusive growth. At that time, I also met with World Trade Organisation Director, His Excellency Roberto Azevedo and reinforced our commitment to the rules-based international trading order.

Game-Changer

Mr Assistant Speaker. I expect the outcomes of APEC to be a game-changer for Papua New Guinea, The APEC leaders' summit in November looks set to gather together the leaders of most of the great economies of the world such as the USA, China, Japan, Russia, South

Korea and Indonesia as well as of our allies, Australia, and New Zealand, and others too many to list now.

May I remind you that the leaders of the Blue Pacific have also accepted our invitation to attend as guests. That was only confirmed this week when I attended the Pacific Island Leaders forum Meeting in Nauru which you will have the benefit of reading about in the newspapers today. We are very grateful for the considerable financial and material assistance given by APEC economies to assist us in hosting APEC.

23/09

That brings me to the second aspect of this unprecedented foreign affairs environment. In the first half of this year we witnessed a stunning acceleration of interest in the Pacific Ocean to the extent that some have labelled it a contested region where many nations are competing for influence.

Naturally, we welcome increasing attention. We urge cooperation which is fair and friendly, we encourage trade competition, and we want an appropriate security involvement.

The main priority of our foreign policy is to see prosperity, security and peace in our country and in our region, with all due attention to protecting the physical environment from the ravages of pollution and climate change. We view the careful management of our great fisheries as very important. This is where bilateral meetings with my counterparts, the Foreign Ministers, become so important.

But before I proceed to report on a sample of my own activities in the foreign affairs space, may I just list those countries who this year have clearly indicated their increasing interest in deeper involvement in the Pacific, and in PNG in particular, something we sincerely and warmly welcome on behalf of our people.

They are: Australia, the European Union, France, Great Britain. Japan, New Zealand, the People's Republic of China, the Russian Federation, South Korea and the United States of America. They are all development partners of ours. We are working to increase our friendly involvement with each and every one.

My activities, honourable members, I have spent time this year working to inform everybody in Papua New Guinea about my key activities in implementing our foreign policy.

I am connected to social media for the purpose of releasing official media releases, photographs and general accounts that I urge all to examine including those interested in PNG. I hope it will give confidence to the nation that their Government is full of energy and creativity

in advancing our relationship with as many nations, multilateral groups and organisations as possible.

By economising on funds, and accepting sponsorship where possible, attendance at the main international meeting is possible and proves extremely useful and valuable for Papua New Guinea. As Minister for Foreign Affairs and Trade, I am active in a many organisations such as the United Nations. Commonwealth, the Africa Caribbean a Pacific Group of States, the World Trade Organisation, the Bali Democracy Forum, ASEAN as an observer, and many more.

Closer to home, we play a prominent role with our sister nations of the Blue Pacific in the Pacific Islands Forum and in the Melanesian Spearhead Group, the South Pacific Commission and that has been widely covered in media and other reports.

We are so very grateful for — and we will never forget —all the help given after the recent earthquake disaster, including the fast and extremely generous help from Australia, New Zealand and the People's Republic of China, and also the assistance from others too many to list.

I have no time here to describe our friendly relationships with our Southeast Asian Nations. They are many and well-known.

24/09

For example, our relationship with our neighbor Indonesia is so friendly and cooperative, it is one of our great success stories.

But let me just outline a few relationships that have won media attention nationally and internationally in the past few months

- Australia and New Zealand,

It has been to our great delight to see our security and development partners, Australia and New Zealand significantly expand their focus on the Pacific, including Papua New Guinea within the past year and to boost their budgetary support with the aim of producing practical results.

New Zealand called their policy ‘A Pacific Reset’. I was pleased to visit New Zealand and have talks with my esteemed counterpart, the Honourable Winston Peters, now the acting Prime Minister, as well as with Defence Minister Honourable Ron Mark, and Parliamentary Under-Secretary for Foreign Affairs, Honourable Fletcher Tabuteau.

I delivered a well-received major address on our foreign policy to the NZ Institute of International Affairs in which I praised the move to shift from a donor-recipient interaction into a genuine mature political partnership between New Zealand and the Pacific.

We look forward to welcoming the Prime Minister, the Right Honourable Jacinda Ardern, to our shores for the APEC leaders' summit and any other time she may have time to visit our country. Among many meetings with my Australian counterpart and friend, Honourable Julie Bishop, was when we co-chaired the PNG-Australia Ministerial Forum in April in Brisbane.

During those friendly negotiations, Australia agreed to assist with biometric systems to aid travel, to boost fisheries surveillance—the new patrol boat will arrive in October—and to establish a twinning arrangement between our foreign affairs departments.

I had an excellent bilateral meeting with Home Affairs Minister, Honourable Peter Dutton, and engaged in discussions during the event with Defence Minister Honourable Marise Payne the current Minister for foreign Affairs, and with the Minister for International Affairs and the Pacific. Honourable Concetta Fierravanti Wells, and others

We signed two important Memoranda of Understanding. The first was on the undersea telecommunication cable linking PNG with Australia, which has led to the agreement signed this month by Prime Ministers Peter O'Neill and Malcolm Turnbull. The generous funding arrangements are evidence of our historically strong and affectionate relationship.

The other MOU was on cyber security, a key need of all economies. We also discussed with members of the Australian and PNG business community the impediments they saw on trade and investment in PNG and we resolved to address them.

I pay tribute to the excellent contributions to the Forum of my colleagues—Minister Solan Mirisim, Minister Justin Tkatchenko, Minister Petrus Tomas, and Minister Jelta Wong. I was also pleased to host a visit by the then Minister for Foreign Affairs, Julie Bishop to PNG who she visited a range of Australian-funded development projects.

May I mention at this juncture that the present Foreign Minister is looking at visit Papua New Guinea as soon as possible having received the approval of our Prime Minister to come in the next few weeks before APEC.

25/09

Australia is our biggest development donor, contributing more than \$550 million annually, an extremely generous and well-targeted amount. We also acknowledge with gratitude its huge contribution of finance and expertise to APEC, and the assistance of the High Commissioner and his staff over so many development issues.

We look forward to welcoming the Australian Prime Minister, the Honourable Scott Morrison—a good friend of PNG, whom I had the opportunity to deal with in his previous role as Minister for Immigration. – to our country as host for APEC and on any other occasion he chooses to visit.

- United States

Papua New Guinea has had a close relationship with the people of the United States of America for many decades. Initially with missionaries, who provided a wonderful service to our nation and continue to do so that underpins our firm friendship as a nation, which we see continuing forever. So it is with great pride and enormous expectation that we await the arrival of the Vice President of the United States, His Excellency, Mike Pence.

This visit comes at a time when the United States is undergoing a review of its trading relationships, and we trust that the environment at APEC will provide an occasion when understanding between all the economies can be reached so that progress can be made in the international trading system.

Last year, at APEC, I enjoyed a warm bilateral meeting with the US representatives and I look forward to another this year, in which we can plan more cooperation in a wide range of fields.

Mr Assistant Speaker, we welcome the ongoing development of the site for the new Embassy of the United States in our nation's capital, just one of many indications that our very close friend and ally is expanding its influence to assist the prosperity and security of the Pacific region.

At the joyous American Independence Day celebrations, which I addressed this year on behalf of the Prime Minister in Port Moresby, I was happy to congratulate the American people on 242 years of Independence and freedom. And to reaffirm Papua New Guinea's commitment to our longstanding commitment to improving democracy and human rights and the rule of law in our own country.

- People's Republic of China

This brings me to discuss a very key and important friend and generous development partner, the People's Republic of China, whose eminent leader, His Excellency, President Xi Jinping, will honour us with a State visit near the time of APEC.

This will be a wonderful event, one which we are looking forward to with great expectations. I have had two cordial bilateral with my colleague the Foreign Minister, Honourable Wang Yi, one in Vietnam at the 2018 APEC Ministerial Meeting, and most recently in Beijing itself.

I took those opportunities to reaffirm that we have long supported the One China Policy. I also confirmed that PNG's friendly relationship with Chinese Taipei is one of the connection as an APEC economy, a mechanism agreed to by all APEC members. We want to trade, subject to resources permitting, with all parts of China if possible.

I have been interviewed by both Chinese and Australian media about our relationship with the People's Republic of China, particularly its role as a development partner.

In those interviews I pointed out that we welcome the extremely generous development support from China.

26/09

Both countries realise that because we are new to the partnership, there are likely to be some challenges, but our warm and friendly relationship forged in many meetings has helped us to work together to address them.

We admire the cooperation between our development partners – Australia and the People's Republic of China in the anti-malaria project, and look forward to more trilateral programmes. We also encourage China, like we do all other countries, to play an appropriate security role in the Pacific and in Papua New Guinea.

- European Union

Our excellent relationship with the EU on a one-to-one basis can be demonstrated in its support for projects so far away from their homes.

We are also active in the Africa Caribbean and Pacific Group of States where I continue to be involved in discussions ahead of a new agreement with the European Union as a generous development partner. I ensure I am actively involved on behalf of Papua New Guinea in the ACP because it is a way of assisting the EU to maintain and expand its focus on the Pacific.

- **New Caledonia and France**

After I worked hard to assist the admittance of New Caledonia to the Pacific Island Forum. I have put effort into developing our friendly relationship. In May, I visited Noumea for a high-level dialogue on biodiversity and climate change where French Foreign Minister Jean-Yves Le Drian was in attendance.

After a most useful bilateral meeting with President Philippe Germain, I met the President of France Emmanuel Macron where we canvassed issues of significance to the Pacific. It was a very informative and friendly conversation.

These discussions were accompanied by a firm undertaking by President Philippe Germain of New Caledonia, a true friend of PNG, to be an advocate for both of us with the EU, something especially valuable after Brexit, when the United Kingdom will re-establish its own relationship.

The official visit by President Philippe Germain, two ministers and a trade delegation this month showed how committed both sides are to delivering on the potential of this relationship, so much so that we plan another meeting this year.

This doorway to France itself and the EU is extremely valuable to PNG.

We wish New Caledonia all the best with its upcoming referendum and have given our assurance that we will remain close regardless of the outcome of the Election in that territory.

- **Japan**

Our relationship with Japan is very close and that is very much appreciated by both of us. Its recent policy working for a "Free and Open Pacific" is one we fully endorse and support, and hope that all nations will see the benefit of it.

My attendance at the 2018 Palm Conference in Japan allowed me to successfully work for united position on the Pacific.

27/09

In a bilateral sense, it also showed the depth and strength of our relationship when we signed an air services agreement with my highly esteemed counterpart, His Excellency, Taro Kono.

We are very keen to see the Prime Minister, the Right Honourable Shinzo Abe-San, visit Papua New Guinea once again. And we promised him a warm welcome during APEC.

More nations in the world should recognise and speak up in praise of the generosity of Japan as a development partner. We in Papua New Guinea offer our cooperation in any way we can to Japan in response to such a beneficent friend.

• **Foreign Affairs Staff**

Mr Assistant Speaker, may I express my gratitude to all staff in the Department of Foreign Affairs and Trade, from heads of mission overseas to the most junior of staff, for their devotion to service of our beloved nation, and may I congratulate those recently appointed as envoys, and thank those they have succeeded.

Farewelling the long-serving and distinguished Acting Secretary William Dihm was both a sad and happy occasion. Sad because we lost such an esteemed professional who is so highly respected in the nation and the world over, but happy in that he will now be able to pursue other activities that will bring him personal and professional happiness.

It was with profound satisfaction, that my nomination of Ms Barbara Age as Secretary of the Department of Foreign Affairs was warmly accepted by the Prime Minister and Cabinet.

Secretary Age, is a true professional, hard-working, honest and insightful, diplomatic, warm and graceful.

Mr Assistant Speaker, in addition, she is role model for girls and women throughout Papua New Guinea. My hope is that they will look at her example to see that despite challenges of history and culture – and at times discrimination – women can and will succeed at the highest level, and will prove the equality of genders in action.

Mr Assistant Speaker, in this unique period of our history, let us all resolve to make the most of the unprecedented opportunities now open to us with APEC and the focus on the Pacific. May we see in our own country and our sister states in the Blue Pacific the peace and prosperity we all pray and yearn for, thank you Mr Assistant Speaker.

Mr POWES PARKOP (National Capital District) – I move –

That the Parliament take note of the Paper.

Mr Assistant Speaker, thank you for giving me an opportunity to speak on this important statement that the Minister for Foreign Affairs has just updated us on the fine work that he is doing. I want to commend him for his tireless efforts, trying to build up relationship with other countries, especially within our region.

Many times he is not with us and takes up his ministry responsibilities and misses out on things happening here and in his electorate as well. He has a portfolio that is important for

our country. And the important thing for us to note is, we or rather nobody is an island and we have to have relationships with our neighbours and with the rest of the world.

28/09

We have to forge strategic relationships that would help us with the outcomes that we desire as a nation and for our people and building networks that are useful socially and culturally but most importantly, economically.

I'd like to take this time to thank the Prime Minister who showed leadership in bringing APEC to PNG. It is not an easy decision. It is an enormous responsibility and task on all of us, on him as Prime Minister and the Chairman of the Cabinet and on us as a nation.

At this time when the economy has slowed down, priorities become a challenge but it is important that we continue to reach out to the world, especially within the region and the bigger economies that we trade and share responsibilities with. So I wish to commend the Prime Minister on his leadership in all these.

Coming back to the statement from the Foreign Affairs Minister, I think everything he said is important and critical. Our traditional allies, New Zealand, Australia, America, China and Japan are important partners that we have social, economic, cultural and so many other relationships with. Most of them are robust and we need to continue to enhance them. I only have an exception to one issue only.

I have expressed this in the past and I noted that the Minister has not included it in his statement, but I want us to have an open debate on the relationship between PNG and Indonesia. I know this is a very sensitive issue, but we have come 43 years and we have to start acting like a mature nation. And some things that may be painful and not easy should be put on the table to be addressed.

On this note, I wish to say thank you to the Prime Minister. Since he became Prime Minister in 2011 and in the last term, he did not shy away even though it is very hard we have to have a good relationship with Indonesia. They are our nearest neighbour. Their population is about 250 million. In terms of economy, that's a big market, in terms of manufacturing and accessing affordable commodities and technology, they are very close to us. But, the relationship between us is not so robust. If you look at the relationship we have with Singapore and Sri Lanka, India, Malaysia, and Thailand and further west, we have a very robust relationship. But with Indonesia, we don't have a robust relationship and we all know why.

We are supposed to have a very robust relationship with them because they are our immediate neighbours. We should integrate our economy. We should have closer people

relationships, but we don't have that and it's because there is a sore point and we must address that sore point.

I also take this time to say thank you to the Prime Minister. He did his best to address this sore point. At some point in time, we must be matured enough to put it on the table. I think in the past the leadership on Indonesia under Yudhoyono has been open.

Now we have a president and we are not sure, but we must continue to talk about it because at the end of the day these are moral and ethical issues that affect all of us. These issues may not be as powerful as the economy, but it is also critical to our nation's outcome because when we reduce our moral standing or ethical standing, it affects our own standing, our own judgment to making the right decision. We reduce value. We reduce what is important and critical and then everything goes, nothing is sacred anymore, so it is important that we think about it in this way so we can address it openly and maturely.

I would like to see that this type of discussions take place, I have strong points about it, it's been part of my life before I came here and I want us to progress it to a point where the outcome is good for Indonesia, good for us, good for the people of Papua and it can enable us to move forward.

29/09

But I won't dwell too much on this, it's better to discuss at government caucus and I urge the Cabinet to take the lead in this discussion.

The other point that I want to debate on is about China. We have a robust growing relationship with China and they are giving us a lot of support in terms of boosting our economy. But, at the same time we are faced with lots of criticism from our people and trading partners and friends like Australia, New Zealand and Europe. They are sort of raising red flag meaning that they are warning us to be careful when dealing with China because they might take over our country citing examples from Africa and Tonga.

Mr Assistant Speaker, in fact it's healthy for us to have such warning, but we shouldn't allow such criticisms from our trading partners and friends from our neighbouring countries. From the kind of relationship we have built with them, they should be the last person to talk about dominating and taking over.

The way handled the issue with developing countries such as PNG, for instances, our relationship with the World Bank and IMF has not been healthy. They have programmed us to get loan assistance from them was like surrendering our sovereignty.

I can recall in the 90s, they wanted us to adopt the structural adjustment by reducing the number of public services, military and all the government services. But now, we have people who are capable of doing more job at one time. With the adoption of their programme, our military force has reduced its manpower and when we need them, they cannot perform because of the reduction likewise to the police force. It was part of the structural adjustment, of how the West has dealt with us.

In fact, they don't have the right to lecturer to us; however, on the other hand, we must be careful also with our dialogue with the Chinese. At the end of the day we have no choice because they are powerful in terms of economy and we have to still connect with them, but it must be mutual not such that they take over us.

Its best we tell them what we want, meaning dictate to some extent on what we want. So that we are not seen as being pushed around in some way. As I mentioned, the relationship should be mutual.

For example, if we get a concessional loan from them then we should engage our contractors. And if they don't want us to engage our contractors then we should consider other avenues such as tying the deal to some of our products such as trade. For instance, they should import our raw products such as fish, cocoa or coffee. This is to set some condition to abide by and not one way giving.

I am a strong advocate of the relationship with China since I was at the University, where I was part of the students' union move to win scholarship for students to study in China and to date this has progressed well and a lot of PNG students are studying in China. It's simply because of this strong relationship we have with China. In fact, it's a win-win situation and not one sided only.

As for our neighbours from Australia and New Zealand, we are not banning them from their assistance to build roads or major projects. We don't see AUSAID funded projects anymore and its only foreign affairs and trade. Therefore, we are confused as to what signal a they sending us.

As for US, we can see their presence in our country because of their investment in ExxonMobil, which is good, but it must be also mutual and they must change their posture too. Sometimes, we question whether the US has real friends or only interests.

Are they genuine in supporting us, in being partners with us to develop and raise the standard of our country, or are they just here because of their interests.

30/09

The US must make this clear to all of us. They are here because we are a global community, they respect us as a nation, as a people, we are in the Pacific, they want to connect with us, the outcome that they want and we want is the same and so we must work together to achieve that outcome.

In the world, the very sentiments currently expressed against China were made against them. Yet, they are the very ones accusing China of taking over us; suddenly they have become concerned about one nation taking over another nation. We must be conscious of such things, but otherwise I am in support of the Foreign Affairs Minister's statement. You know I have been impressed with your work.

Many times, I have cautioned you that the more you concentrate on your duties as Foreign Affairs Minister, you must not lose focus on your electorate, Wapenamanda. You have to create a balance between Wapenamanda and your portfolio as a Minister to representing our country.

I concur with your statement and am pleased with your performance, but my only concern is as mentioned, I think we are matured enough, we have been friends with Indonesia, but let's show that we are matured and we can address it on our side to fix it and when it is healed, we move forward.

Thank you, Mr Assistance Speaker, for giving me the chance to speak.

Mr MICHAEL NALI (Mendi – Works and Implementation) – Thank you, Mr Assistant Speaker, I wish to make a few comments with regard to the very important statement presented by the Minister for Foreign Affairs and Trade.

Mr Assistant Speaker, I am glad that the responsibility that the Foreign Affairs Minister took this responsibility and spent a lot of time throughout the world and returned to present to us reports on the meetings that he has had with other countries and that is commendable.

Most importantly, whether we are big or small does not matter. Nobody will say that you are a small country, so you should fall under my rule. And no country will say that you are a small country so we are not going to acknowledge you.

Mr Assistant Speaker, we obtained Independence in 1975, when many of us we in primary schools. I was attending a primary school in Mendi and when they announced that we were going to gain Independence, I thought Independence was a person. So when they said Independence was coming, we wore our loin cloths and went to Mendi Town to witness the

arrival of Independence. But, nobody turned up or arrived to say that I am Independence, all we saw was a new flag, the PNG flag went up and the Australian flag came down.

They told us, this is it, Australia is gone and now Papua New Guineans, you will have to look after yourself.

Mr Assistant Speaker, we've come this far after 43 years. When I was Vice-Minister for Foreign Affairs at the time when Sir Julius was Prime Minister and Minister for Foreign Affairs and when he is running the country, I went around all over the world.

Mr Assistant Speaker, I had the benefit of learning, not everything, but a few things on how the world economies monitor the ways trade functions.

Mr Assistant Speaker, as small as we may be, we are still a nation. In our region of Australasia, we command that respect as a country. Forty-three year ago, Independence came and we stood. We have faced many economic crises, the value of our Kina, once rose higher than the US dollar, but it came down in 1994 and after that the Kina has floated and it continues to float to this date

31/09

Mr Assistant Speaker, we have sailed for 43 years with ups and downs and that shows that we are capable of determining our destiny and surviving as a nation.

Mr Assistant Speaker, it is important as a country, we will have to stand up regardless. The country that has brought us up and later left us and then gave us the walking stick and gave us the instructions to start walking, was Australia.

Mr Assistant Speaker, Australia was a very close friend and it continues to be a very close friend to Papua New Guinea. During disastrous events, Australia has always been there for us like a big brother. But, in development, Australia is now noticing the happenings in our country.

I'm not too keen on watching movies on TV, to me, it's all a blatant lie; however, I do watch real-life documentaries.

Mr Assistant Speaker, in one these programmes, I watched this commentator whom I think was an Australian. The commentator was commenting about China's existence in the Pacific.

Mr Speaker, this is what the commentator said, "even if Australia, Japan, America and England stand together to match China by putting billions or millions of dollars, China will still over-run everyone in this country because they are a super power for money." In my opinion, it was a very good statement, even if it was not the country's view.

I have a strong feeling that many leaders within the region watched that TV programme and they know that China is moving throughout the Pacific and even into some parts of Africa in a big way.

Mr Assistant Speaker, I also had opportunity to sit with some of our friends from Australia and I have been questioned, what is the right thing for us to do when we look at sector by sector, especially in my sector, the infrastructure sector.

Mr Assistant Speaker, this is what I am saying to the Australians, rather than picking up pockets of road maintenance in the middle of nowhere, for example; you want to fix up a section of the Highlands Highway, the road from Lae going up to Mt Hagen and from Hagen to Enga and from Hagen to Kapiago, although there is no road leading into Kapiago.

You pick up a little section in the middle of Kinantu forgetting the bottom part of Lae going up to the Markham Valley and then onto Kainantu and you pick up a little section from Kainantu to Henganofi. Then, you leave out the major section from Henganofi and you fix another little section in Jiwaka, what impact will it have?

Mr Assistant Speaker, come on lets be real, we appreciate what our friends are doing to us, but Minister for Foreign Affairs, I would like to ask you, while I have the opportunity.

As our representative, you must let the Australians know, rather than picking up bits and pieces and pockets of infrastructure, pick up a major section, What is wrong with that?

32/09

Maybe start from Nine Mile in Port Moresby and move all the way to Kerema or from Six Mile to Kupiano to Hood Lagoon and even to Northern Province. Open up that area to show that you are our big brother in the region.

Mr Assistant Speaker, Australia cannot deny the fact that we have more Australian businesses here, and are closer to the Australians. We were either educated or corrupted by the Australians, thus we work briefly then play golf, and when we drink, we get drunk totally like the Australians. So, we have adopted both the good and the bad attitudes of Australians. So, they cannot deny that our countries co-exist.

As for the United States of America, they are a super power. Yes, we respect them when they come to our country. We are even more excited to see and meet the American leaders, whether it be the President or his Vice President. We are looking forward to receive America, but what has America done for Papua New Guinea? What have they done? Did they build us a school or a hospital? Nothing! In this country, yes Australia has done a few things for us and

we acknowledge that, although 75 per cent of the money goes into consultancy fees, at least their presence is felt.

In this country, we have all witnessed what China has done for us. In the last South Pacific Games in 1991, we saw China's commitment. They helped us construct the infrastructure for Papua New to host the South Pacific Games and these infrastructures continue to stand. China has helped along the way with our small projects too.

Today, Papua New Guinea is about to host a major world event, in this world no one is interested in politics, they are all talking about trade, business and money! At this juncture, Australia is helping, America is helping but China has shown commitment. China has rebuild our freeway and constructed the boulevard and has assisted in countless projects, so china is a good friend.

Mr Assistant Speaker, I must assure this country that we are in the hands of a great Government. We are not borrowing over our ceiling. We have abided by the rules and our loans have not exceed the limits against our GDP.

Mr Assistant Speaker, this means that we are responsible people. In the past, during the time of our founding fathers in the likes of Mome Pangil, Posuang, Willam Ang and Yala Belo, Matiabe Yuwi and Sir Peter Lus, these fathers did not speak the English language and although they are gone, they have bred children who are now here. And we are capable of running our country.

Mr Assistant Speaker, take the island nation of Fiji as an example, it told the world to pack up and leave. But, did Fiji sink? No, Fiji did not sink. It still stands. It has less population compared to us with scarce resources. Fiji has beautiful women and men and they are one happy people, very welcoming. But, the world ran back to Fiji, despite the coup, they are gradually crawling back to Fiji and Fiji is still recognised.

34/09

I commend the Minister for Foreign Affairs. When he was first appointed Minister for Foreign Affairs I had some doubts. He is like a brother to me, he and I are very close. And him being a prominent lawyer, I went and I discouraged him. Why do you want to become Foreign Affairs Minister, let us stay back and he said, no, I want to be Foreign Affairs Minister. He has been a great salesman, promoting our country and in many of the forums that he attends there are times when he had no choice, but to stand up and make some decisions.

Sometimes in his trips, during weekends or public holidays when issues arise, he has no time to consult with us, he is forced to make decisions and he takes them on. Sometimes

these are controversial issues, but I think our Foreign Affairs Minister has done well and I congratulate him on the good work he is doing and the good report he brought in.

I hope our people in Wapenamanda will continue to restore him to that leadership so he can continue to do great things for Wapenamanda, Papua New Guinea and the parts of the world that we trade with. Thank you, Mr Assistant Speaker.

Mr PETER O'NEILL (Ialibu-Pangia – Prime Minister) – Thank you, Mr Assistant Speaker. I also join other speakers in commending our Foreign Affairs Minister. He is doing an excellent job for our country, representing our country in all the engagements that we are obligated to have at the international forums all around the world.

It is good to see that there is continuity and stability in that ministry, as well as the building of institutional memory around the work that one has to do. This clearly indicates a huge benefit for the nation. As a country we see that Minister Pato's role as Foreign Minister for the country over the last six years is an indication of the work that he is doing, the contacts that he makes and the networks that he has built up around the world for our country's benefit is a tremendous effort and we congratulate him for the work that he is doing.

Mr Assistant Speaker, a lot of the issues that the Minister has brought up in his statement are very relevant, especially our relationship with many countries around the world. Papua New Guinea has, over the last six or seven years have started to engage more with many of the countries that we have not engaged with before. We are starting to establish strong bilateral relationships with each individual country around the region, especially in the neighbourhood that we are living in.

Mr Assistant Speaker, we have got very, very strong relationships with the Pacific Island nations. They look up to Papua New Guinea for leadership on many issues that is challenging our communities in the Pacific such as Climate Change, Refugees, Security and the economic well-being of these nations, countries with populations ranging from a mere 10,000 to close to 10 million such as ours. It is a huge differences in the population, size and economies of these nations.

Mr Assistant Speaker, I want to say that the leadership and efforts that the Foreign Minister, his Department and our overseas missions continue to display in those engagements is commendable. You may have seen that in many occasions when we take a position on some of the international debates that are taking place, most of the Pacific Island nations rally behind Papua New Guinea. That is an indication of the relationship and the strong understanding that we have with them as well.

Mr Assistant Speaker, I am very pleased to say that they have all have accepted to come to the APEC Meeting. This is the first time in over 20 years that the APEC Community has ever invited the Pacific Islands to come and join the APEC Leaders' Summit and the Conferences that will take place.

Normally this organisation called Asia Pacific Economic Community has always excluded the smaller Pacific Island nations even though the word 'Pacific' is used in the organisation, the Pacific islands have never been truly involved and only by engagement of PNG in those meetings.

35/09

We have been a defector leader for the Pacific in those meetings. So, I thought that it was an opportunity time for them to come and understand what APEC all about, especially for these small economies to establish contacts and bilateral relationship with the bigger economics. This is so that they can have access to their markets and build capacity around their countries and economies. So, I am pleased that they are all coming in November 2018, and we hope that they will have a memorable and enjoyable stay in our country.

Mr Assistant Speaker, in terms of our relationship with the countries in the region, of course we have a very strong relationship with Australia and New Zealand, Australia more so. It is a relationship that has always had its own dynamics in terms of the nature of the relationship between our two countries.

But, as many speakers have stated earlier, Mr Assistant Speaker, I can assure you that Australia has shown its best intentions for PNG, especially in times of need. They have stood up with us and have shared our challenges and disasters that we have faced in trying to make sure that our peoples' suffering is being addressed and have come to our need on many occasions.

Mr Assistant Speaker, no one is going to take that away and no other relationship will take that special bond that we have with Australia. But, as a country we need to establish our relationship far and beyond.

Mr Assistant Speaker, you will notice that since Independence where we don't have bilateral relationship with any of the countries, Australia has been seen as a defector representative for PNG.

After 43 years of being independent and in seven year time we will be 50 years, so we have to start standing on our own and that is why the Minister for Foreign Affairs has been tasked to go around to many of these countries to appoint honorary consulates and getting the

citizens of those countries to represent us in those countries. So, we have a direct engagement with the people and the government of those countries where we cannot have a fully pledged embassy. But, as much as possible and as funding becomes available, we are trying to open up all the embassies where we think that it is going to give us the most benefit.

Mr Assistant Speaker, it was unfortunate that from 2001 to 2002, the then Government decided to sell all our embassies which we owned 100 per cent and never had any credits against those buildings. But, it was sold because of the readjustments in the financial economies that the government was trying to address.

It was a short-sighted approach. PNG is not going to go away or even taken over by anybody and after we live our time, our children will continue to build this country and represent our nation proudly around the world. And that is why it's important that we own those buildings and build permanent infrastructure that is going to be the reflection of us as a country in those countries. That is why we have been reengaging with many of these places that where we have closed down the embassies; therefore, now we have to house our officers in those areas.

So Mr Assistant Speaker, we are rebuilding the foreign service and the commendable work the Minister is doing and his Departmental Secretary, Mr Dihm before and now Ms Age, they are doing an excellent job.

However, going back to our relationship with Australia. Mr Assistant Speaker, they have come to our aid to realign the aid programme that they have in the country. They have stated that they are concerned about increased Chinese presence in the Pacific and of course its engagement with PNG. We have stated clearly to them that they do business with China and we are also entitled to doing business with China. We cannot do business with China through Australia because we don't want a middleman in our relationship. We must do business directly, so we can be able to have the maximum benefits that can come to PNG.

36/09

Australia. We don't want middle man in between our relationship, we must do the business directly so we can be able to have the maximum benefits that can come to PNG. And of course Chinese investment will here but we want the right investment to come. That is why I have task the Minister for commerce and Industry that is responsibility is to bring the reserve list of trading and business activities for our citizens to this parliament.

His officers must get their act together, the NAC has already given some guidelines about the reserve businesses that our citizens must participate in.

If you go to Australia, if you go to United State or if you go to even China for that matter, you cannot just walk in there and established a business and get a trade in licences. Our people must think about our country.

When the Chinese or when the Australian or when the American comes to buy trading licence in some of our urban authorities and councils, probably because of the colour of their skin they just go ahead and process it. They won't even ask for their certificate of registration or has the government authorise you to come and invest here or settle here, they don't ask questions they just go ahead and give license. This is where our people are letting our country down. We are the ones who are facilitating for them. If we take a hard line approach you will see that we will reserve the jobs and the businesses for our people. That is why this reserve list is very important we must bring it back.

We must make sure that certain businesses in our country are reserve for our citizens. But there are certain businesses that requires youth's capital, that's youth's expertise and that's where the foreigners can come and fill the gaps Mr Speaker, that's where we need foreign direct investments which will create jobs for us which will create SME's for us and will create opportunities for us. This is a sort of businesses we want to do with China, this is a sort of businesses we want to do with Australia and United State and that's where we are realigning our engagement with them.

Mr Speaker, if you go to Australia you can ask anybody especially in the real-estate market in Australia who are the biggest investors. The biggest inverters are not Papua New Guineans, not Japanese, not Singaporeans the Chinese are the biggest investors so they can't tell us that we cannot do business with China, they are already doing it with China so Mr Speaker, half the country is probably own by them already so Mr Speaker don't be fearful about thinking that Chinese are going to take over us. That is a cold war sort of mentality, where the socialism and democracy and west verses east those kind of culture of thinking was something that held back development in many countries because you have to make a choice, you either on this side or that side.

Mr Speaker, well cold war is over we need to move on we have to continue to engage in business with people all around the world where there's a market and where there's a demand and they are paying good price we must sell our produce, we must sell our skills, we must sell our commodities to this kind of people so that we can be able to advance the better standard of living for our people and the wellbeing of our economy.

Mr Speaker, I want to say that the engagements that we have with all the countries and the support that they have given us as far as United State and Australia New Zealand especially

in the preparation of APEC China, they have given us massive support and that is why the arrangements are well prepared and Mr Speaker I can tell you that the meetings that we have hosted so far in terms of APEC are all the visitors who have come, thousands of them who have already come to PNG and gone back. All this visitors speak very highly about Papua New Guinea. This are the people who are visiting our country for the first and many of them will talk about it and their friends or themselves will visit our country again and this is the impression that we want leave on this people saying that there's a country in the world that is unique and that is caring enough of them to come into our country.

Mr Speaker that is why the leadership that the Foreign Affairs Minister and his team has also swan about refugees. Because Papua New Guinea's intervention, we have been able to save lives in the border crossing in between the boats that were sailing into Australia and all this young children babies who were drowning at sea, well over three thousand people who were drowning. We offered them a life line and that is why we open them up Manus for them.

Today many of this families have now been resettle in United State and many parts of the world and that is because Papua New Guinea has taken a leadership in the region. When everybody else in the region did not want to accept this refugees. Likewise to our friends in West Papua, many of them who have been living in our country for 20 to 30 years, we has a government and has a country we gave them citizenship. We wider the K10 fee and gave them citizenship and now.

37/09

Likewise, for our friends in West Papua, many of whom have lived in our country for 20 to 30 years, so as the Government, we gave them citizenship. We wavered the K10,000 fee and now thousands of them are citizens of our country, our brothers and sisters from West Papua.

Mr Assistant Speaker, we are taking the leadership role in the region regarding refugees to display and ensure others know that Papua New Guineans are caring people. We care about each other, about our communities and our people and that is the real reflection we display as a country to the international community.

Mr Assistant Speaker, once again, I wish to take this opportunity to commend the Minister. One of the enduring relationship that we have today is with Japan.

Mr Assistant Speaker, Japan does thing quietly through many of their programmes they have in our country with JICA, and of course they are the biggest donor to Asian Development Band. The ADB presidency is always taken up by a Japanese citizen and through that we have

been able to see many of the ADB funded projects. We are borrowing those monies to make sure that we build our nation's infrastructures and programmes like health and education that we need in our country.

Mr Assistant Speaker, when we go through hard times, we do have hard traditional friends. Many of our citizens are quick when they see that their economy has got some challenges, they are quick to jump to on a band wagon. When some smart economist living in Canberra or some institution around the world, who has no idea about our economic situation, makes some comments, they jump on a band wagon and say no, we must go to the World Bank, we must go to IMF.

I can tell you that our friends are not all the way across the oceans, they are not very far from here. There are people who have stood with us during challenging times ADB is one of them and Japan is another. They come and support funding directly to fund our budgets, meeting the gaps that we have in the budgets, so that services can continue to flow, infrastructure can continue to be build, development can take place, investment can grow in our country and of course China for the first time came in with 150 million US dollar to support our budget this year. The terms of the loans that they have given us is better than IMF or World Bank.

In 2002 or 2001, I think, I stand to be corrected, gave a loan of about US\$50 million dollars or something. All these structural adjustments that they ask us to do, to sack and retrench all the defence force personnel and reduce the force in half, cut the public service in half, cut the restructure department, to stop issuing of forestry licences, stop DSIP and all the district funding, cut, cut, cut, cut!

These were the structural reforms that they gave, they gave a bitter pill. But, the problem is when you start cutting to a skeleton, you have nothing left. Without a body, you can't have any mobility. This was the pain we felt over the years and that is why we've been able to manage these challenges that we have.

We are now going towards the better half of the year and I think the economy is starting to take shape and growth is and returning to the economy.

Mr Assistant Speaker, these are efforts about our relationship that we have built. The Foreign Minister is doing a commendable job and sometimes we miss him in this honourable house and am certainly sure that the people of Wapenamanda will continue to miss him from time to time, but he is doing a great job for this great nation. Thank you, Mr Assistant Speaker.

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

38/09

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 3.37 p.m..